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Wisconsin Metropatterns

Myron Orfield

University of Minnesota Law School

Thomas Luce

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Wisconsin Metropatterns



Regional Cooperation,
Economic Growth and
Environmental Protection

MYRON ORFIELD
THOMAS LUCE

METROPOLITAN AREA RESEARCH CORPORATION
February 2002



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FOREWORD

THE METROPOLITAN AREA RESEARCH CORPORATION (MARC) was created in 1995 by Myron Orfield, a Minnesota legislator and law professor. He is a nationally recognized leader in promoting reform around the issues of land use, social and fiscal equity and regional governance.

MARC's objective is to study the relationship between common regional development patterns in U.S. metropolitan regions, and the growing social and economic disparities within them. MARC also assists individuals and groups in fashioning local remedies that address these concerns. Since its inception, MARC has studied more than 30 U.S. regions, including the 25 largest metropolitan areas in the country.

This study was commissioned by Wisconsin Sustainable Cities Inc., and financed through a generous grant from the Joyce Foundation. We would like to acknowledge the ongoing review and advice provided by Wisconsin Sustainable Cities' partners: 1000 Friends of Wisconsin, Citizens for a Better Environment and the Greater Milwaukee Committee.

Cover photo by Scot Wallace of children from the Multicultural Center of Green Bay.

Wisconsin Metropatterns

THE ECONOMIC and cultural life of Wisconsin is increasingly centered in its metropolitan areas. In 2000, two of every three Wisconsin residents lived in one of its urban centers. People move to, and stay in, cities and their suburbs because they offer economic opportunity and unprecedented access to cultural activities, education and recreation.

But the way these regions are growing — individual units of government competing intensely with each other for economic resources and high-income residents — ends up hurting all parts of metropolitan areas.

At the core are older communities facing growing poverty and declining tax bases. The problems associated with concentrated poverty — everything from high crime and troubled schools to poor health — place a significant burden on city resources, discourage investment in those neighborhoods and dramatically limit the opportunities of residents. Ultimately people living in high-poverty neighborhoods become isolated from educational, employment and social opportunities available to residents in other parts of the region, making it extremely difficult for them to participate fully in the metropolitan economy.

Although this scenario is most common for portions of central cities, it is also increasingly familiar in inner-ring suburbs — communities that are often more fragile than the cities they surround. These places are often especially hard hit by social decline because they lack the cultural amenities, desirable old homes and downtown tax base that help central cities survive despite their problems.

Many fast-growing outlying bedroom communities are struggling, too, but in their case it is to stretch their modest fiscal resources to build the schools, roads, parks and sewers needed by new residents. Although these places, with their higher-achieving schools, lower land costs, new homes, more space, less congestion and low taxes, appear to offer an alter-



native to declining communities at the core, over time the costs of growth can exceed the ability of local taxpayers to pay for it.

The apparent “winners” in this tug-of-war are the most prosperous outlying areas — those with expensive homes, plentiful commercial and industrial development and few social strains. Although these places, generally home to a small percentage of the region’s population, appear to reap all of the benefits of regional competition with few of the costs, they are in many ways victims of their own success. As they grow, the open space that attracted residents in the first place is lost to development, traffic congestion makes getting around more and more difficult, and employers have problems attracting the low-wage workers they need, but who cannot afford to live in the vicinity.

These patterns have a long lineage. Americans, immersed in the ideals of privacy and open space, and strongly disposed toward the “new,” have traditionally had an uneasy relationship with sometimes crowded, often diverse cities. That unease has frequently been translated into policies, such as restrictive annexation and zoning rules and generous subsidies of freeways, that helped people with means “escape” from cities, spurred the creation of many smaller political jurisdictions around them, and isolated poverty in the center of the region.

The results are metropolitan areas profoundly divided by race and



income, governed by inequitable fiscal policies and wracked by inefficient development patterns. This pattern of concentrated poverty and wealth has particularly harmful effects on minority residents. In part due to subtle discrimination in the housing market, they are much more likely than other groups to live in high-poverty areas, and those who do not must keep moving to stay ahead of the social strife that often follows them out of the inner city.¹

Elementary schools serve as an early warning signal for communities on the verge of decline. Deepening poverty and other socioeconomic changes show up in schools before they show up in neighborhoods, and they show up in elementary schools before they show up in junior high and high schools. This makes elementary schools useful institutions to study.

The forces of dispersal and decline are clearly at work in Wisconsin's



largest metropolitan area, Milwaukee. Suffering from notable income and racial segregation (with segregation indices above the averages of Wisconsin and the 25 largest U.S. metropolitan areas), the Milwaukee area experienced relatively slow population growth in the 1990s, 5 percent — a rate similar to those in Detroit, St. Louis and Philadelphia. Many of Milwaukee's inner-ring suburbs are also experiencing decreases in tax base as social needs are growing dramatically.²

But the same stresses are also evident in the next tier of Wisconsin's regions — Madison, Appleton, Beloit-Janesville and Green Bay. In these regions, schools in the central cities and some suburbs are becoming poorer and these municipalities are losing the competition for tax base, while many other suburban communities are gaining ground. The regions' minority pupils are increasingly segregated in just one or two school districts.

And there are indicators that even the state's smaller metropolitan areas like Superior and Eau Claire are at risk of following the same route. These communities in many ways still look like traditional Midwestern rural cen-

ters, where the city is home of much of the region's wealth and poverty is concentrated in the surrounding countryside. But changes in the 1990s seem to indicate a shift to patterns typical of larger urban areas, with poverty concentrated in the urban center. As these small cities become more diverse, signs of racial segregation are increasing as well.

A growing body of research shows that, for better or worse, the well-being of the different parts of metropolitan areas are linked. One team of researchers, for example, found that median household incomes of central cities and their suburbs move up and down together in most regions and that the strength of this relationship appears to be increasing. They also found that metropolitan areas with the smallest gap between city and suburban incomes had greater regional job growth.³ Another study found that in large metropolitan areas, income growth in central cities results in income growth and house-value appreciation in the suburbs.⁴ These and other studies argue that cities and their suburbs are interdependent and that when social and economic disparities are minimized, the region is stronger.

As a result, there is growing recognition that the problems of segregated metropolitan areas — declining neighborhoods, congested highways, degradation of valuable natural resources and wasteful intra-regional competition — cannot be addressed through the actions of individual local governments working alone. At the same time, it is very difficult to design state-wide policies that can accommodate the wide range of conditions in Wisconsin's metropolitan areas. What is needed are comprehensive, coordinated *regional* strategies for addressing *regional* problems with *region-wide* solutions.

ABOUT THIS STUDY: This study focuses on seven of the state's metropolitan areas: Milwaukee, Madison, Appleton-Oshkosh-Neenah, Janesville-Beloit, Green Bay, Eau Claire and Superior. Its purpose is threefold: 1) document social and economic separation in Wisconsin's metropolitan areas; 2) identify the effects of these patterns on local governments and entire regions; 3) establish a base for community members to discuss regional problems and identify strategies to address them.

The study outlines strategies to address regional problems in three areas: fiscal equity, such as tax-base sharing (simulated for Wisconsin regions in this study); regional land-use planning, such as cooperative planning among local governments for public infrastructure and economic development; and regional governance, such as expanding the powers of two planning entities already present in Wisconsin cities: the Metropolitan Planning Organization and Regional Planning Commission.

Milwaukee

THE MILWAUKEE REGION covers five southeastern Wisconsin counties: Milwaukee, Ozaukee, Racine, Washington and Waukesha. With 1.8 million people in 2000, it is the most populous metropolitan area in Wisconsin. The metro includes the cities of Milwaukee and Racine, and 119 smaller cities, towns and villages.

For the past 20 years, the region has grown more slowly than the state and nation — 6 percent since 1990, and just under 3 percent in the 1980s. But growth across the region is far from uniform. The population of Milwaukee County, home to the city of Milwaukee and inner-ring suburbs, has declined over the past 20 years. That decline has been accelerating — from 0.6 percent in the 1980s to 2 percent in the 1990s. Racine County has experienced very slow growth over the last 20 years, posting rates of 1 percent in the 1980s and 8 percent in the 1990s. Most of that growth has been outside of the city of Racine.

While communities in the center of the region, as far out as Waukesha, and older satellite cities decline, new communities on the outer edge are booming. Waukesha County, in the far west, posted growth rates of 9 percent in the 1980s and 18 percent in the 1990s. Washington County, in the far north, posted growth rates of 12 percent in the 1980s and 23 percent in the 1990s.

Residential density in the metro has decreased in recent decades. Between 1970 and 1990 the urbanized area around Milwaukee expanded 12 percent while its population actually decreased by 2 percent (Map 5). The urbanized area around Racine expanded 14 percent while its population increased only 4 percent.

THE ECONOMY

Almost one-third of the jobs in the Milwaukee region are in goods-producing industries, demonstrating the region's continued reliance on manufacturing. This manufacturing base has fueled strong growth in the construction, service, transportation and finance sectors. Driven by a corps of

unionized manufacturing workers, wages in the area are very high. The Milwaukee area has a strong, steadily growing labor force, with unemployment surpassing the national average of 4 percent only in Milwaukee and Racine counties.

Much of the growth in these industries, manufacturing included, is shifting away from the cities toward the suburbs: 75 percent of the over 78,000 new jobs created in the between 1993 and 1998 were outside Milwaukee and Racine counties.

SOCIAL SEPARATION

Poverty in schools in the region is highly concentrated in Milwaukee, home of the state's most populous school district (Map 1). Nearly two-thirds of elementary pupils in city schools are eligible for free lunches.⁵ But there are danger signs in the older suburbs and satellite cities.

Other districts with significant poverty rates — between 13 and 20 percent — are also in older communities in the region's core. They are Racine and the inner-ring districts surrounding Milwaukee: Cudahy, West Allis, Greenfield, St. Francis, South Milwaukee and Glendale-River Hills. The Hartford district, located in the northeast metro, is the only outlying district with similarly high poverty rate, 13 percent.

It is also the inner-ring suburbs that are experiencing the greatest increases in poverty (Map 2). Glendale-River Hills and West Allis saw



City neighborhoods offer opportunities both for rehabilitation of old homes and the construction of new ones.



In the Milwaukee region, large homes are sprouting on the urban edge, while houses in the region's core are abandoned.

increases significantly above the regional average, as did the districts of Brown Deer and Waukesha. The Greenfield, Cudahy and Fox Point districts experienced slightly above-average increases. Outside the core, the districts of Port Washington-Saukville, Freiss Lake and Erin saw slight increases. Milwaukee's poverty rate fell slightly during that period.

The lowest rates of poverty in the region are in the fast-growing western and northern suburbs: the Cedarburg, Richfield, Richmond, Merton and Swallow school districts. The poverty rates in all but Swallow decreased between 1993 and 1998.

The Milwaukee region is also extremely segregated by race. Milwaukee County is the home of over 88 percent of the African Americans in the region. Segregation is especially noticeable in the region's schools. In Milwaukee 82

percent of elementary pupils belong to racial minority groups, while the north suburban district of Cedarburg has a minority enrollment of less than 2 percent and the west suburban district of Erin has no minority pupils at all. Even in school districts that are relatively integrated as a whole, individual

Poverty
is growing
fastest
in inner
suburbs.

schools are highly segregated. In Wauwatosa, for example, minority pupils make up 23 percent of the total enrollment. But minority enrollment in individual buildings ranges from 13 percent to 80 percent.

The region's dissimilarity index, which indicates the percentage of minority pupils who would have to change schools to achieve an identical mix in each building was 69 in 1998, up from 64 in 1993. This is almost double that of any other area in the state and compares poorly with other large metropolitan areas across the country.⁶ Poverty and race interact in the Milwaukee region in a way that is very detrimental to the educational opportunities of minority pupils. Minority pupils are over six times more likely than white pupils to attend a high-poverty school district.⁷

FISCAL CAPACITY

Local tax capacity measures a local government's ability to generate revenues from its local tax base. It shows the revenues that would be forthcoming if each locality in the region assessed the same tax rate (the regional average). Tax capacities vary widely among communities in the Milwaukee area, with the lowest-capacity communities concentrated in the core of the metro: the cities of Milwaukee and Racine had capacities 45 and 40 percent below the 1999 regional average, respectively (Map 3). Tax capacities are also very low in inner-ring suburbs like West Allis, St. Francis and South Milwaukee. Outlying cities of West Bend, Port Washington and Waukesha have slightly below-average capacities. High-capacity communities are concentrated in the north metro, in a line from River Hills to the town of Belgium, and to the west in a wedge from Elm Grove out to Oconomowoc and the town of Eagle.

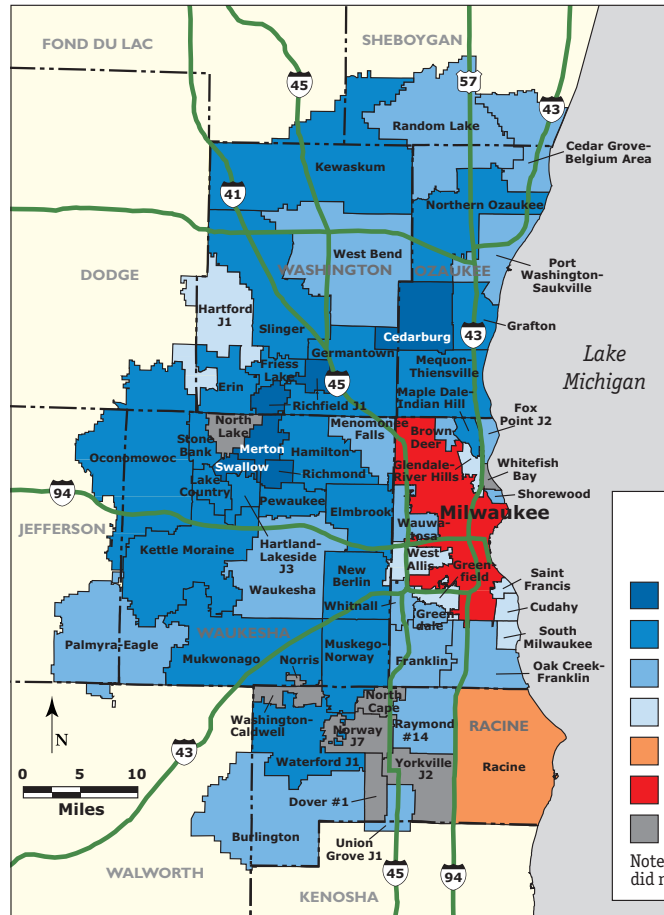
These patterns of inequality appear to be hardening over time, in a pattern characteristic of regions growing much faster in land area than population. Decreases in tax capacity are most evident in the older communities in and near the core, and in fast-growing communities as far out as Waukesha (Map 4). The inner-ring suburbs of River Hills, West Milwaukee and Wind Point suffered the biggest decreases. The largest increases were in suburban communities on the metropolitan edge.

One way to reduce fiscal inequality is with regional tax-base sharing, discussed in more detail in the final section of this report. Map 6 shows the outcomes of implementing one variation of this type of policy in the Milwaukee area in the 1990s. Roughly 70 percent of the region's population resided in municipalities that would have benefited from such a plan — central cities, inner suburbs and some older satellite cities.

School Poverty



MAP 1: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998

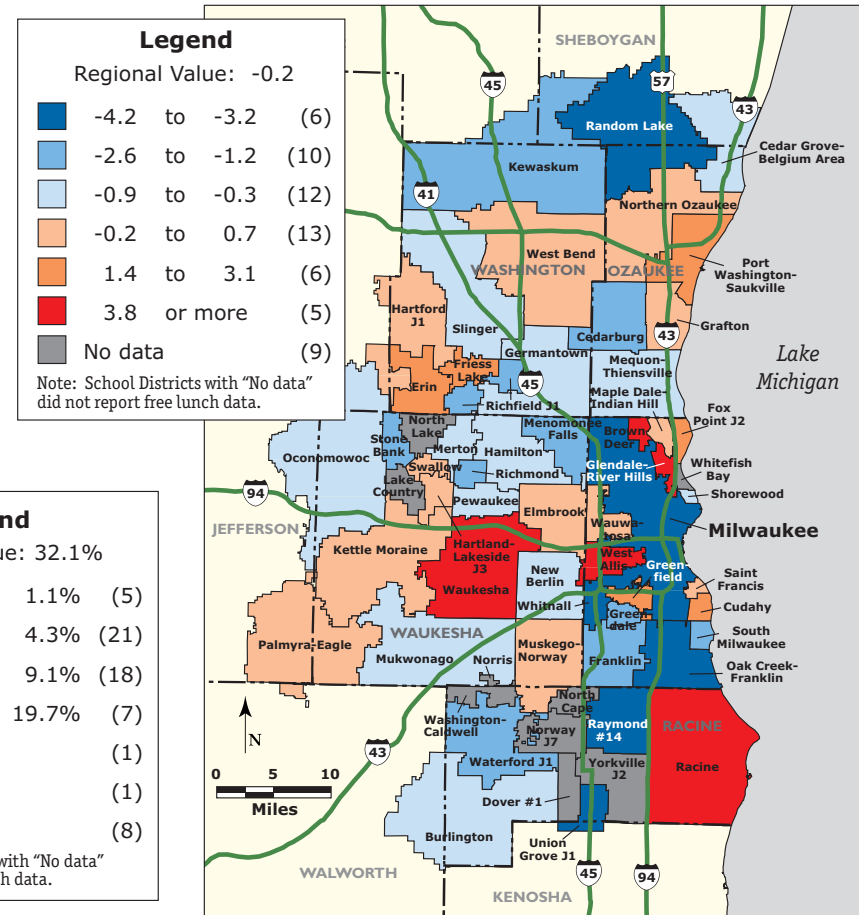


DATA SOURCE: National Center for Education Statistics.

PUPIL POVERTY is heavily concentrated in the school districts of Milwaukee and Racine, which have poverty rates of 64 and 27 percent, respectively. Almost 90 percent of the region's poor pupils attend one of these two districts. The average poverty rate in districts

outside of Milwaukee and Racine is 6 percent. The most dynamic changes are taking place in the inner-ring communities of Milwaukee, where the poverty rates in 1998 were already significant: Cudahy (20 percent), West Allis (15 percent), Greenfield (15 percent),

MAP 2: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



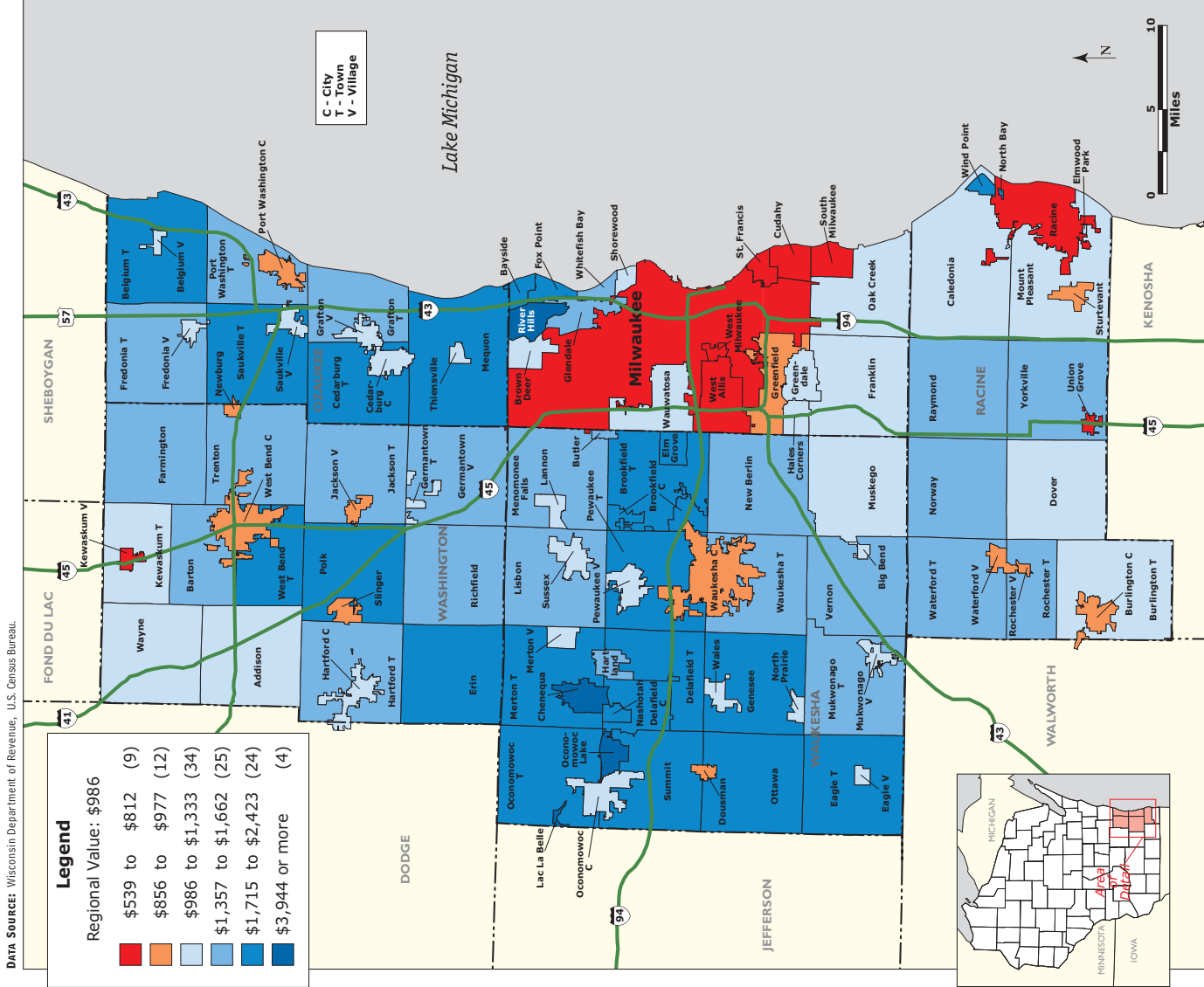
DATA SOURCE: National Center for Education Statistics.

St. Francis (15 percent), South Milwaukee (15 percent) and Glendale-River Hills (11 percent). Milwaukee's poverty rate actually fell during that period, while Racine's increased significantly. Poverty rates in most of the outer suburbs held their own or fell slightly.

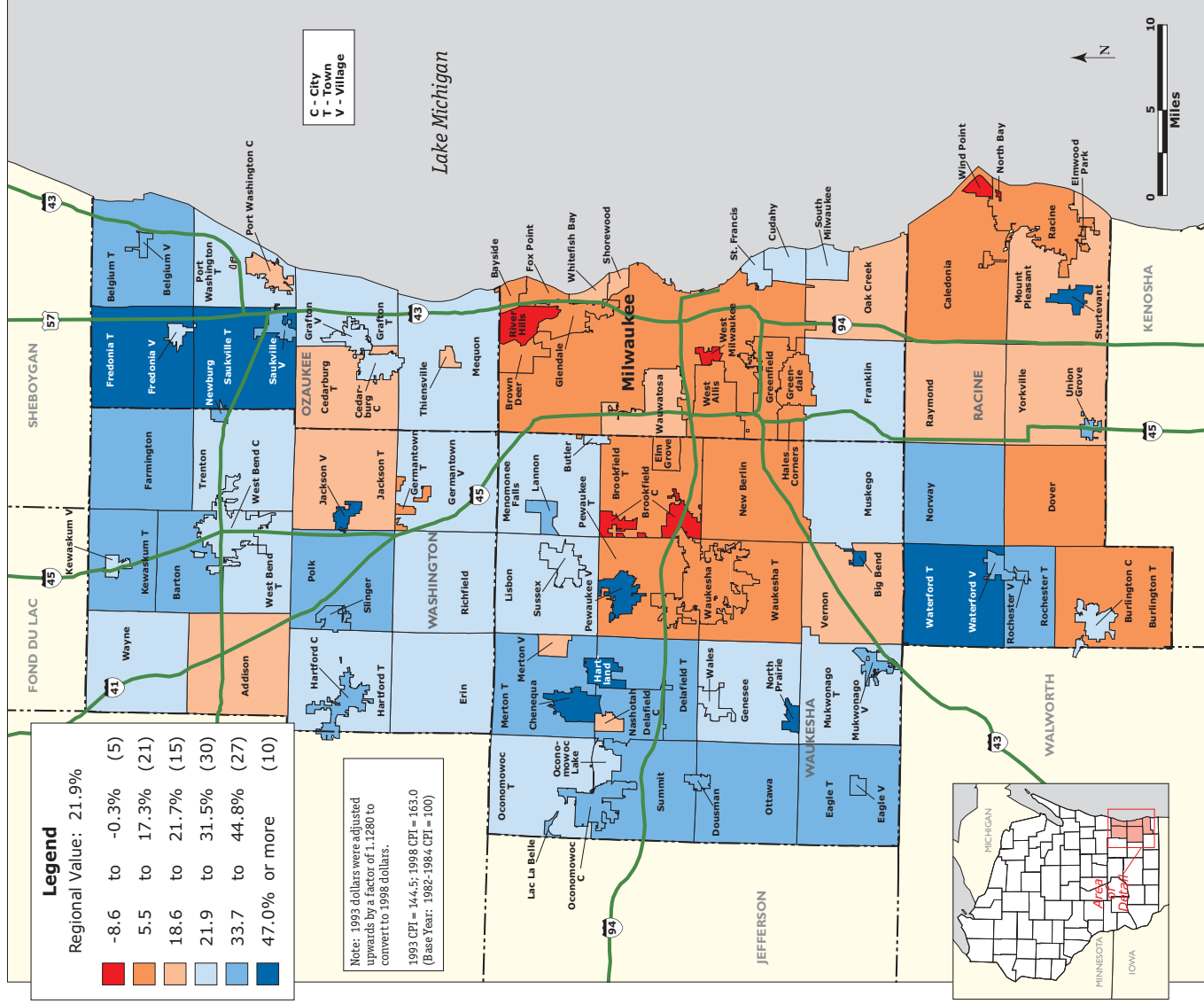
Tax Base

MAP 3: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999

THE ABILITY to raise revenue to provide services — known as tax capacity — varies widely across communities in the Milwaukee region. Tax capacities are extremely low in both the central cities of Milwaukee and Racine as well as their inner-ring suburbs, such as West Allis, West Milwaukee, St. Francis, and Greenfield. The areas with the highest tax capacities are the outer suburbs to the west of Milwaukee in Waukesha County and those just north of it in Ozaukee County.



MAP 4: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD, BY MUNICIPALITY, 1993-1999

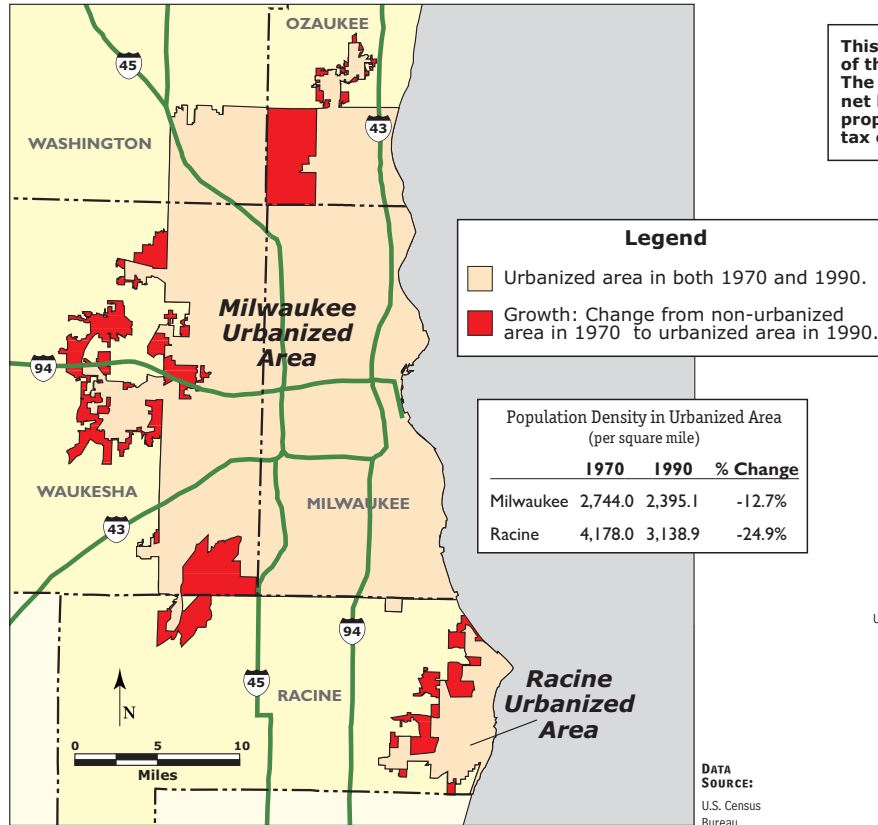


DATA SOURCE: Wisconsin Department of Revenue, U.S. Census Bureau.

THESE PATTERNS of inequality in the Milwaukee region appear to be hardening over time, with below-average increases in tax capacity most evident in the older communities in and near the core. The inner-ring suburbs of West Milwaukee and Wind Point suffered actual decreases. The largest increases were in suburban communities on the metropolitan edge, including the villages of Sturtevant, Jackson, Big Bend and Pewaukee.

Urbanized Area

MAP 5: CHANGE IN URBANIZED AREA, 1970-1990

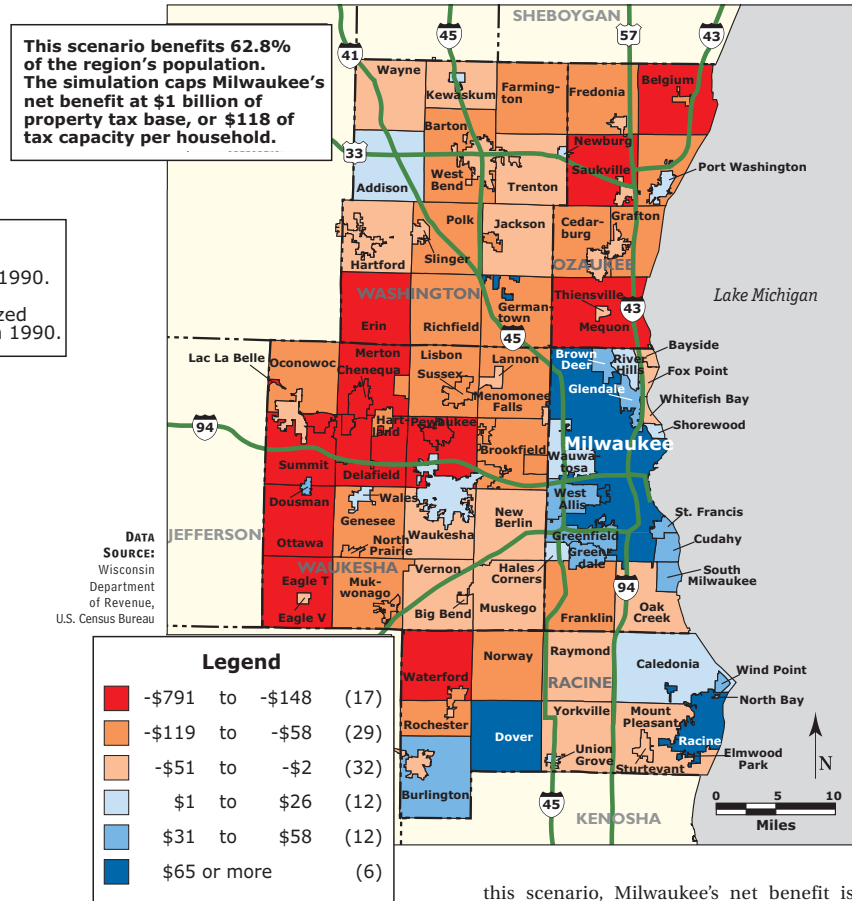


THE MILWAUKEE REGION is consuming more and more land — and taxing itself to pay for it — even though the region's population is growing very slowly. Between 1970 and 1990, total urbanized land area grew by 14 percent while the population in that portion of the region actually declined by 2 percent. Nationally, urbanized land area in

the nation's 25 largest metropolitan areas expanded at an average rate of 46 percent, while population in those areas grew an average of 20 percent.⁸ This pattern of outward expansion continued in the Milwaukee area through the 1990s, when population increases were concentrated in the outer, less densely settled parts of the region.

Tax Base Sharing

MAP 6: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



this scenario, Milwaukee's net benefit is capped at \$1 billion.

A TAX-BASE SHARING PROGRAM would lessen the competition for tax base in the region and distribute tax revenues more fairly. The map shows the results of a tax-base sharing program that collects 40 percent of property tax growth in a regional pool, then redistributes the funds to communities based on their total property tax base per capita. In

If such a program had been in place during the mid-1990s, almost two-thirds of all Milwaukee metropolitan residents would have benefited, and the biggest recipients would be those communities shouldering the region's most serious social needs: central cities and their inner-ring suburbs.

Madison

THE MADISON METROPOLITAN AREA, consisting of Dane County, is home to Wisconsin's capital, Madison, and 61 smaller cities, towns and villages. In 2000, 426,000 people lived in the Madison metro area.

Population growth in Madison has been accelerating for the past 20 years: 14 percent in the 1980s and 16 percent in the 1990s. Both of these rates far exceed the state and national averages over those periods.

Nearly two-thirds of the population growth in the 1990s occurred in the cities and towns around the city of Madison, especially to the south along U.S. Highway 14 toward Janesville, in the northeast along U.S. 151 and to the east along U.S. Highway 12. While the region grew by 16 percent in the 1990s, the population of the city of Madison increased just 9 percent.

Along with population increases have come decreases in population density (Map 11). Between 1970 and 1990, the amount of urbanized land in the Madison area expanded by 42 percent while population increased by only 19 percent — a ratio of over 2-to-1.

THE ECONOMY

As the home of the state government and the flagship campus of the University of Wisconsin, Madison has particularly strong service (especially educational service) and government sectors. Beneficiaries of these industries include a fast-growing construction industry, which leapt from 9,800 to 12,770 jobs between 1993 and 1998, and retail trade industry, which jumped from 42,000 to 47,800 jobs over that period. In 1998 service-producing industries accounted for 85 percent of area jobs, with goods-producing industries accounting for the balance. Because of



research at the University of Wisconsin, Madison serves as an incubator for new, high-tech manufacturers. Indeed, most of the firms in Madison's small manufacturing sector are in the high-tech area.

Also because of the university, the workforce in Madison is highly educated. Over 18 percent of the population is college-educated, compared with 10 percent statewide. The labor force grew 11 percent between 1993 and 2000, and unemployment in 2000 was an exceptionally low 2 percent.

Madison is a job magnet, featuring 3 percent more jobs than employed residents. As a result, commuting into the area is on the rise with almost 17,000 people making the commute from homes outside the metropolitan area each day. At the same time, commuting from the Madison area to other places is also increasing, with over 9,000 residents leaving the area every day to work. Most of them work in the Milwaukee and Janesville-Beloit areas.

SOCIAL SEPARATION

Despite its impressive economy, the Madison area is a good example of the concentrated poverty and social separation that often come with rapid growth. Poverty in schools in the Madison region is heavily concentrated in the Madison Metropolitan School District, which includes the city of Madison and adjacent communities (Map 7). The district has an elementary pupil poverty rate of 22 percent, almost double the regional average of 12 percent.

The suburban districts of Waunakee and McFarland, on the northwest and southeast sides of the city, have the lowest poverty rates of in the region (around 2 percent). Marshall is the only district besides Madison to have an above-average poverty rate, 13 percent.

Overall, the rate of free-lunch eligibility remained virtually unchanged in the Madison area from 1993 to 1998 (Map 8). The Verona district, located just southeast of Madison, experienced the greatest increase, 5 percentage points, to just over 8 percent. The Cambridge district, located on the eastern edge of the metro, saw the greatest decrease, 6 percentage points, to just under 4 percent.

The story is much the same when it comes to racial segregation. Schools in Madison and southwest and northeastern suburbs tend to have relatively high percentages of minority pupils, while enrollment in other districts are overwhelmingly white. In 1998, the Madison area had the second highest segregation rate in the state after Milwaukee—more than one-half of the region's minority pupils would have to change schools to achieve complete integration. That figure was up one point from 1993.

Localities have become more unequal in their ability to raise revenue.

As in many other regions, there is a correlation between the locations of concentrated poverty and concentrated minority populations. In the Madison area, 76 percent of the region's minority pupils attend its one high-poverty school district — Madison — while only 27 percent of the region's white pupils attend that high-poverty district.



FISCAL CAPACITY

As certain outer suburbs have boomed, communities in the Madison area have become more and more unequal in their ability to raise revenue to provide needed services (Map 9).

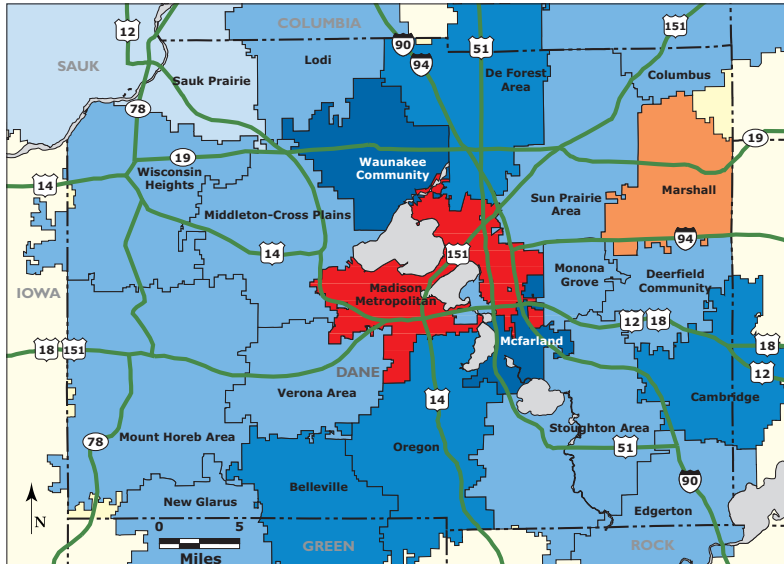
Many of the inner suburbs have relatively low tax capacities. The town of Madison, for instance, has a tax capacity more than 50 percent below the regional average — the lowest in the region. The next lowest tax capacities are found in the southwestern and northeastern inner-ring suburbs. Many of the fast-growing suburbs ringing Madison have below-average capacities as well. So both the central places and high-growth suburban areas are feeling fiscal stress. The highest capacities are in the northern and western suburbs, the region's "favored quarter."

These patterns reflect tax base changes in the region during the 1990s (Map 10). The lowest growth rates were in the core of the region and in scattered areas in the northern, eastern and southern fringes. Tax base grew most quickly in the western suburbs and in scattered fringe communities elsewhere.

One way to reduce fiscal inequality is with regional tax-base sharing, discussed in more detail in the final section of this report. Map 12 shows the outcomes of implementing one variation of this type of policy in the Madison area in the 1990s. Nearly 70 percent of the region's population resided in municipalities that would have benefited from such a plan.

School Poverty

MAP 7: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998



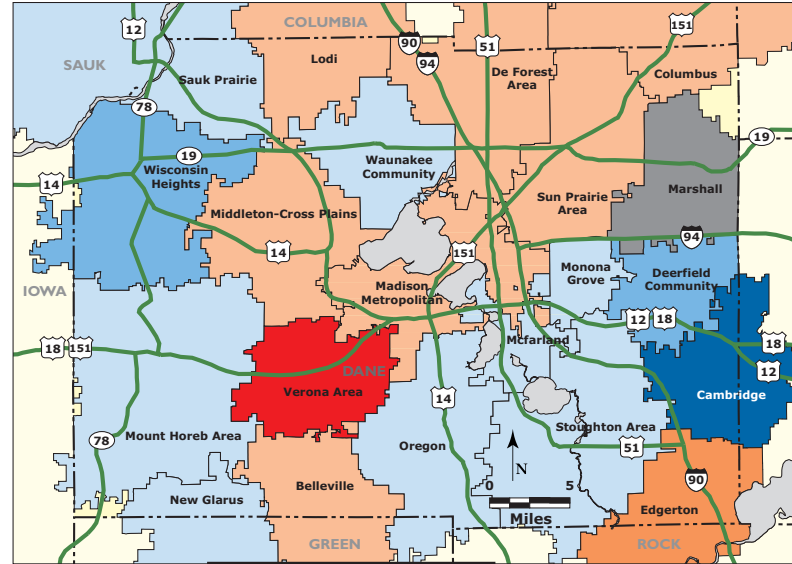
Legend	
Regional Value: 11.5%	
Dark Blue	1.7 to 2.3% (2)
Blue	3.6 to 4.1% (4)
Light Blue	5.0 to 8.9% (12)
Very Light Blue	10.5% (1)
Orange	12.5% (1)
Red	21.8% (1)

DATA SOURCE: National Center for Education Statistics.

PUPIL POVERTY is very clearly concentrated in the central city of Madison. In fact, the Madison Metropolitan School District has a free-lunch eligible rate twice as high as any other district in the metropolitan area — 22 percent. The areas with the next highest poverty rates are the outlying districts of Marshall (13 percent) and Sauk Prairie (11 percent). The districts with the lowest poverty rates, around 2 percent, are Waunakee Community, located just northwest of the city, and McFarland, located just southeast of it.

Overall poverty rates in the region remained fairly stable between 1993 and 1998, while poverty in Madison and many inner suburban districts increased at slightly above-average rates. The Verona district experienced the largest increase, almost five points. The biggest decrease in poverty rates, six points, was in Cambridge.

MAP 8: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



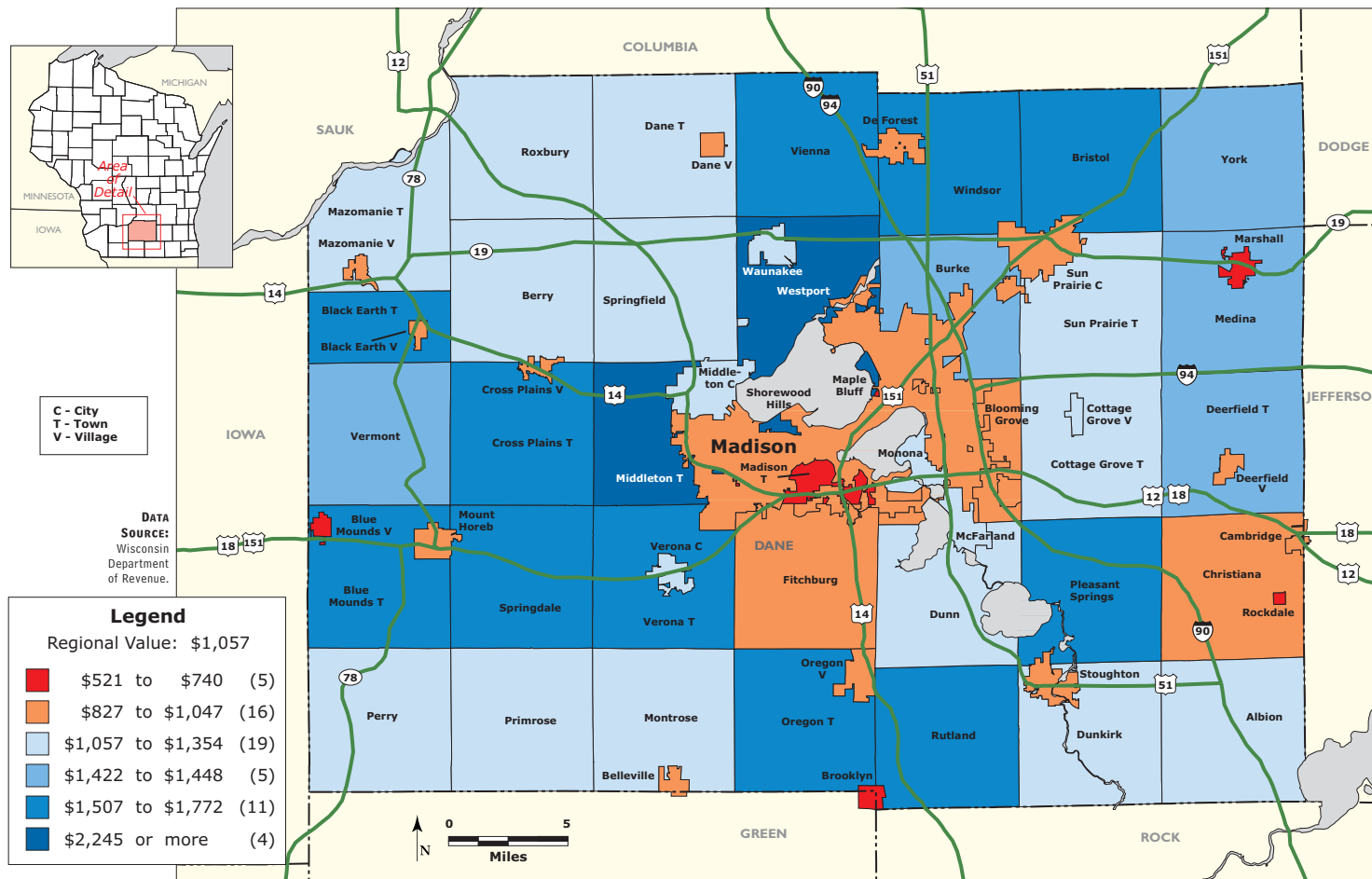
Legend	
Regional Value: 0.2	
Dark Blue	-6.4 (1)
Blue	-3.1 to -2.8 (2)
Light Blue	-1.5 to -0.1 (8)
Orange	0.2 to 1.7 (7)
Dark Orange	2.6 (1)
Red	4.8 (1)
Grey	No data (1)

Note: Districts with "No data" did not report data in either 1993 or 1998.

DATA SOURCE: National Center for Education Statistics.

Tax Base

MAP 9: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999

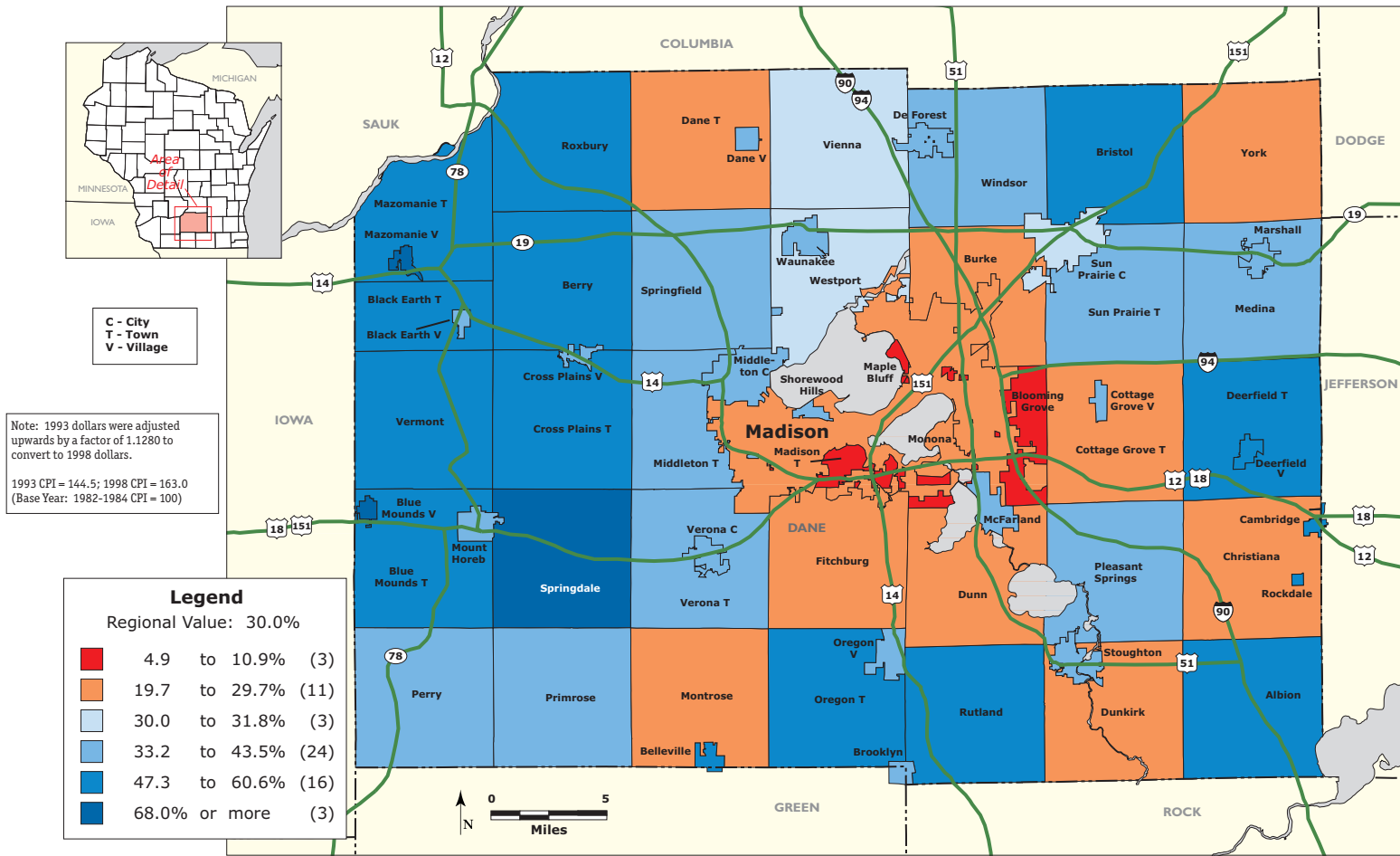


COMMUNITIES in the Madison area are far from equal when it comes to their ability to raise revenue to provide services, with struggling communities clustered in the core and on the region's outer fringes. The town of Madison has the lowest tax capacity, followed closely by the outlying communities of Rockdale, Marshall, Brooklyn

and Blue Mounds. The city of Madison and nearby communities of Fitchburg, Sun Prairie and Blooming Grove, all have capacities slightly below the regional average.

The highest-capacity areas are the northeastern suburbs—the town of Middleton, Westport, Shorewood Hills and Maple Bluff.

MAP 10: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1993-1999

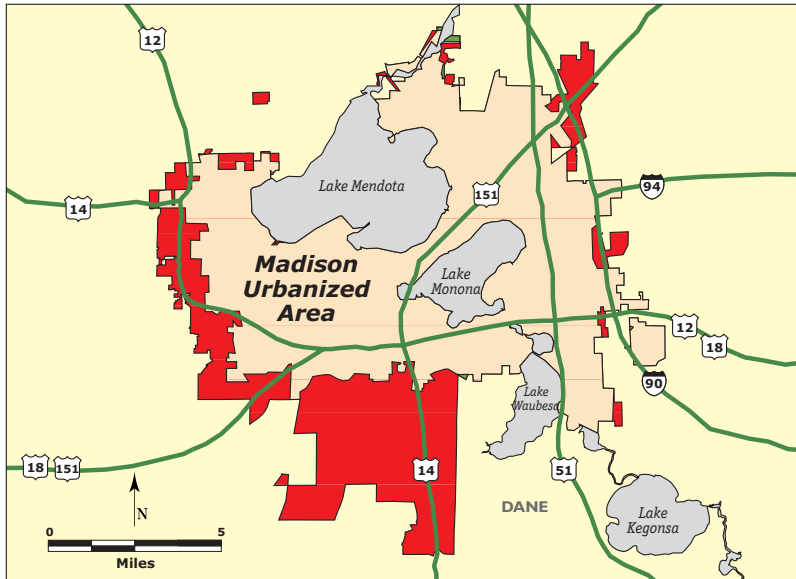


OUTLYING VILLAGES and towns in the Madison area saw big gains in tax base between 1993 and 1998. The biggest increases were in the villages of Blue Mounds and Mazomanie and the town of Springdale. The slowest increases in tax

capacity were mostly in the region's core — including the village of Maple Bluff, the towns of Blooming Grove, Madison and Dunn. The city of Madison also saw slower-than-average increases in this period.

Urbanized Area

MAP 11: CHANGE IN URBANIZED AREA, 1970-1990



DATA SOURCE: U.S. Census Bureau.

Legend

- Urbanized Area in both 1970 and 1990.
- Growth: Change from non-urbanized area in 1970 to urbanized area in 1990.
- Reduction: Change from urbanized area in 1970 to non-urbanized area in 1990.

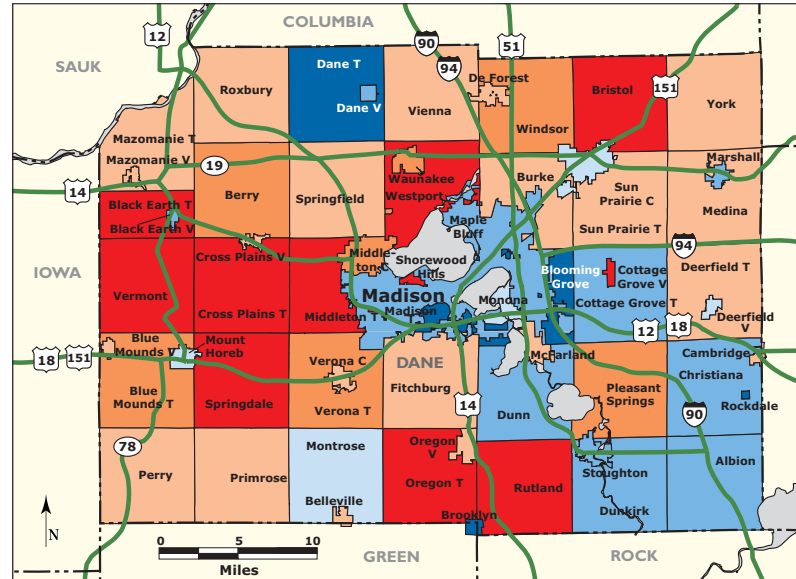
Population Density in the Madison Urbanized Area (per square mile)		
1970	1990	% Change
2986.0	2500.9	-16.2%

THE MADISON REGION grew over twice as fast in urbanized land area as in urbanized population from 1970 to 1990. Urbanized land area grew by 42 percent while population in that portion of the region grew by just 19 percent—leading

to a 16 percent decline in population density in the urbanized portion of the region. This pattern continued through the 1990s when population increases were concentrated in the outer, less densely settled parts of the region.

Tax Base Sharing

MAP 12: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



DATA SOURCE: Wisconsin Department of Revenue, U.S. Census Bureau.

Legend

- \$243 to -\$105 (11)
- \$82 to -\$66 (7)
- \$56 to -\$3 (21)
- \$0 to \$8 (5)
- \$19 to \$50 (11)
- \$59 or more (5)

This scenario benefits 68.3% of the region's population.

IF A TAX-BASE sharing program had been in place during the mid-1990s, over two-thirds of all Madison metropolitan residents would have benefited. The biggest recipients would be some of the poorest communities in region, those adjacent to the city of Madison, including

the towns of Madison and Blooming Grove, and the outlying communities of Dane, Rockdale and Christiana. The biggest contributors are communities west and north of Madison, including the towns of Middleton, Cross Plains and Vermont.

Appleton-Oshkosh-Neenah

THE APPLETON-OSHKOSH-NEENAH region consists of three counties: Calumet, Outagamie and Winnebago. Bolstered by a growing economy, in recent decades the region's population growth has exceeded state and national averages — growing by 8 percent in the 1980s and 14 percent in the 1990s. Almost 360,000 people lived in the region in 2000.

But growth within the region has not been uniform. Calumet County, the most rural of the three counties, experienced the most rapid growth — almost twice the average Wisconsin rate during the 1990s. It was followed by Outagamie County, home to Appleton, and Winnebago County, which includes the cities of Oshkosh and Neenah.

While the population of the Appleton-Oshkosh-Neenah region has grown, the amount of urbanized land has grown even faster. Between 1970 and 1990, the amount of urbanized land increased by 59 percent while population in urbanized areas increased by only 19 percent — a ratio of over 3-to-1.

THE ECONOMY

Manufacturing remains an important piece of the region's economy, accounting for 31 percent of all jobs in 1998. Paper production dominates the Winnebago area, and has a strong presence in Outagamie County as well. Machine manufacturing is the principal industry in the Calumet area and its expansion accounts for much of the county's manufacturing employment growth — up 35 percent between 1993 and 1998, from 4,300 to 5,800 jobs.

Despite this strong manufacturing base, other sectors of the economy have helped drive the region's growth over the past 10 years, including service industries, construction and government.

The region's communities are linked economically. Over 40 percent of workers live in one county and work in another. Many travel to another county within the metro, but a growing percentage commute to adjacent



A traditional downtown, like this one in Appleton, offers walkable streets and centrally located retail activity.

communities, especially to Green Bay. In fact, the Appleton-Oshkosh-Neenah region has 19 percent more workers than jobs, a figure that demonstrates its growing popularity as a bedroom community.

SOCIAL SEPARATION

While the region as a whole has a relatively low poverty rate, less than 11 percent, its distribution appears to be following patterns common to larger metropolitan areas: poverty concentrated in the urban core and outlying rural areas and wealth concentrated in suburban communities ringing the core (Map 13). In the Appleton-Oshkosh-Neenah area, the core communities of Oshkosh, Appleton and Menasha and the outlying community of Shiocton have the highest poverty rates (measured by the percentage of elementary pupils eligible for free lunches). School districts in Calumet County, which includes the suburbanizing communities of Harrison and Sherwood, and the Freedom and Hortonville districts, located just outside Appleton, have the lowest poverty rates.

The core districts of Appleton and Menasha saw increasing poverty between 1993 and 1998, as did the adjacent districts of Little Chute and Kimberly (Map 14). Oshkosh, which in 1998 had the highest rate, 15 percent, saw a slight decrease over that period. Districts with the biggest decreases in poverty were Freedom, outside of Appleton, and Omro, outside of Oshkosh. Shiocton also saw a slight decrease.

Compared to many parts of the state and country, the racial composition of the Appleton-Oshkosh-Neenah population is relatively homogeneous. Just 10 percent of elementary pupils, and 2 percent of the total population, are minorities. However, like in many other metropolitan areas, the region's minorities are relatively segregated. All but one of the region's schools with a higher-than-average numbers of minority pupils are located in central cities or inner-ring suburbs, and 40 percent of the

region's minority pupils would have to change schools to achieve a identical mix of pupils in each one.

However, the correlation between race and poverty is less pronounced than in some other urban areas: 75 percent of minority pupils attend the region's three high-poverty school districts; 50 percent of white pupils attend those school districts.

Nearly 20 percent of the area's workers commute to jobs outside the region.

FISCAL CAPACITY

The Appleton-Oshkosh-Neenah area is divided into over 70 cities, towns and villages, with widely varying abilities to generate tax revenue (Map 15). Low tax-capacity communities are clustered in the outer fringes of the region — places like Nichols, Bovina, Shiocton, New London, Bear Creek, Brillion and Chilton — and in and near the central cities of Oshkosh and Appleton.

High-capacity communities tend to be located in the areas in between — places like Algoma, Vinland, Winneconne and Poygan north and west of Oshkosh; Grand Chute, Greenville and Hortonia west of Appleton; and Harrison and Sherwood southeast of Appleton.

Tax capacities are dynamic, changing over time as people move to and within the region. These changes often exacerbate existing patterns of inequality. The central cities of Appleton, Menasha and Oshkosh, places with lower-than-average tax capacity in 1998 experienced slower-than-average growth between 1993 and 1998 (Map 16). In that same period, suburban areas surrounding Lake Butte de Morts and Lake Poygan grew at rates far above the regional average.

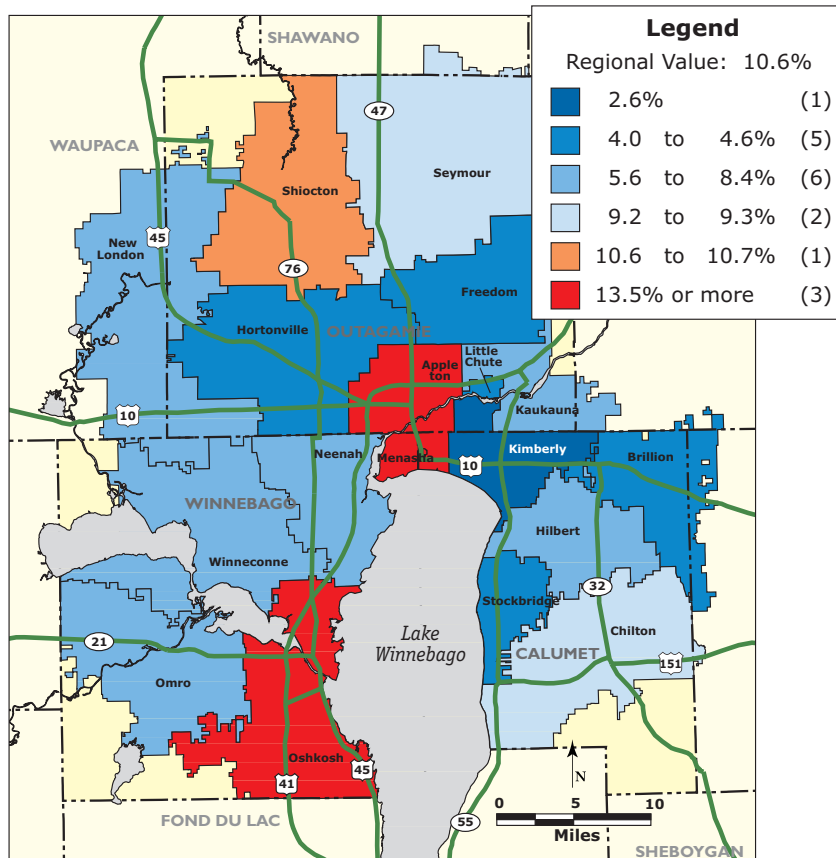
Large disparities in tax capacity among metropolitan governments often lead to a “competitive disadvantage” for the low-capacity places, which must assess higher tax rates in order to provide the same level of services as high-capacity areas.

The difficulties of many low-capacity places are exacerbated by their need for high-cost services. This difficulty is often evident in central cities. Tax capacity in the city of Appleton in 1999 was 10 below the regional average while its school-poverty rate was 27 percent above the region average. Oshkosh's tax capacity was 24 percent below the average, while its pupil-poverty rate was 42 percent above the average.

One way to reduce fiscal inequality is with regional tax-base sharing, discussed in more detail in the final section of this report. Map 18 shows the outcomes of implementing one variation of this type of policy in the Appleton-Neenah-Oshkosh area in the 1990s. About 70 percent of the region's population resided in municipalities that would have benefited from such a plan.

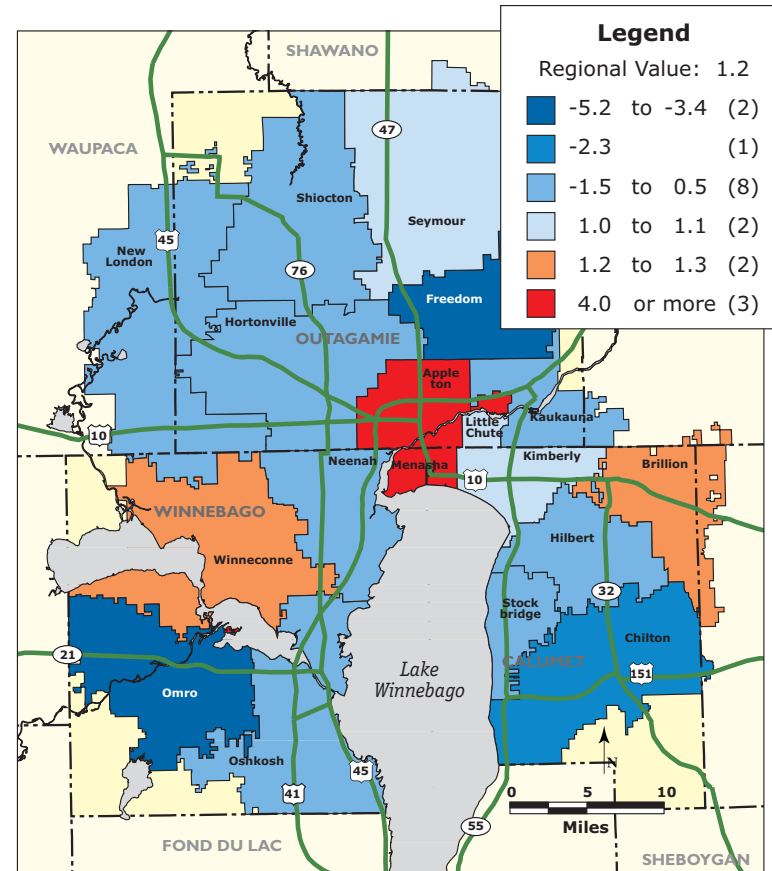
School Poverty

MAP 13: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998



DATA SOURCE: National Center for Education Statistics.

MAP 14: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



DATA SOURCE: National Center for Education Statistics.

DESPITE THE FACT that pupil poverty in the Appleton-Oshkosh-Neenah area is very low (only 11 percent of pupils are eligible for free lunches, compared with 24 percent statewide), it is also quite concentrated. Seventy percent of the region's poor pupils attend the inner districts of Oshkosh, Menasha and

Appleton — districts that account for only 52 percent of the region's total pupil population. Pupil poverty rates in the outer suburbs, especially in fast-growing Calumet County, are as low as 3 percent, just one-fifth the regional average.

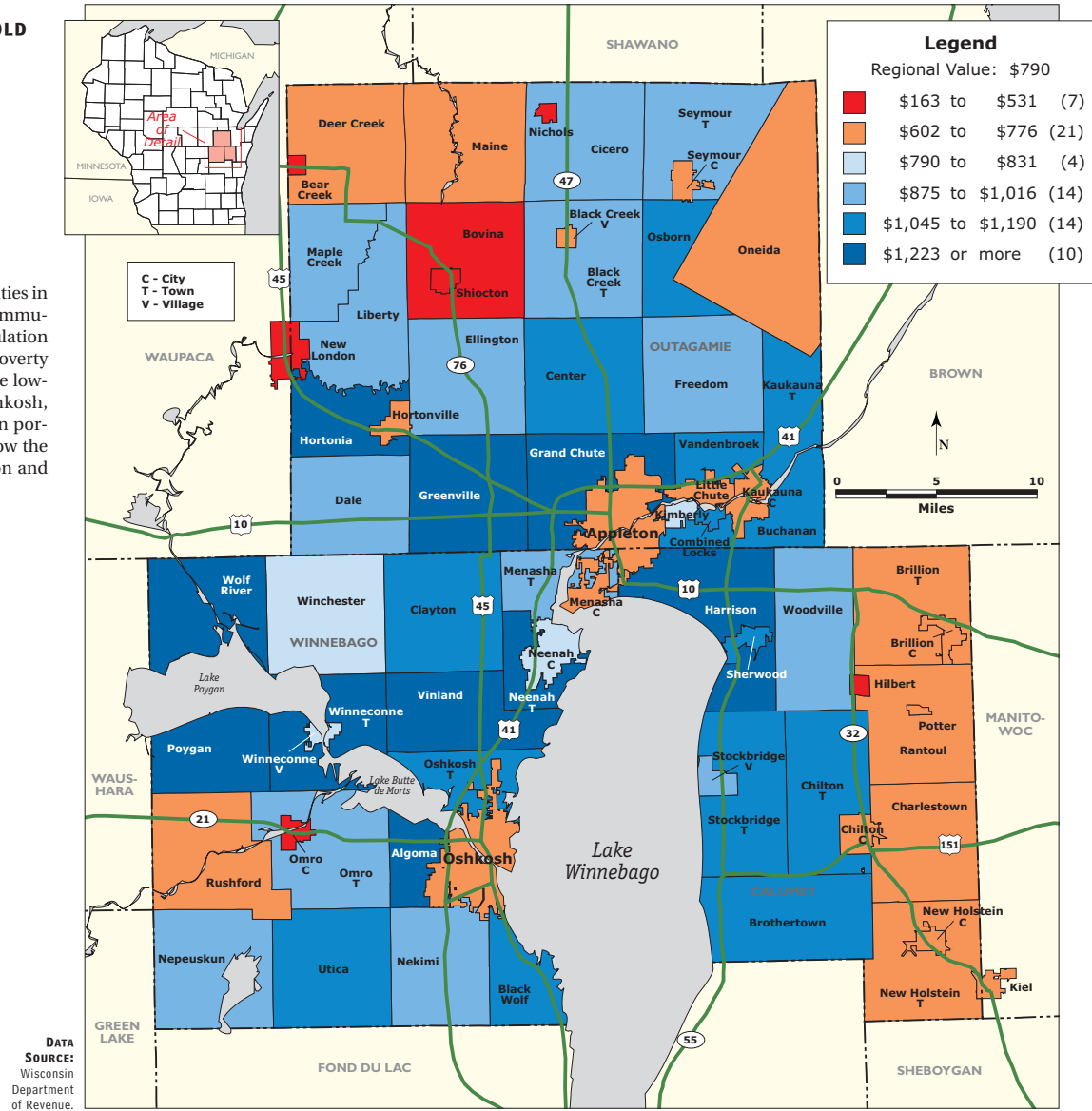
Three districts in the center of the region

— Appleton, Menasha and Little Chute — saw the biggest increases in poverty rates between 1993 and 1998, while rates in most suburban districts fell during that period. The Omro and Freedom districts saw the biggest decreases.

Tax Base

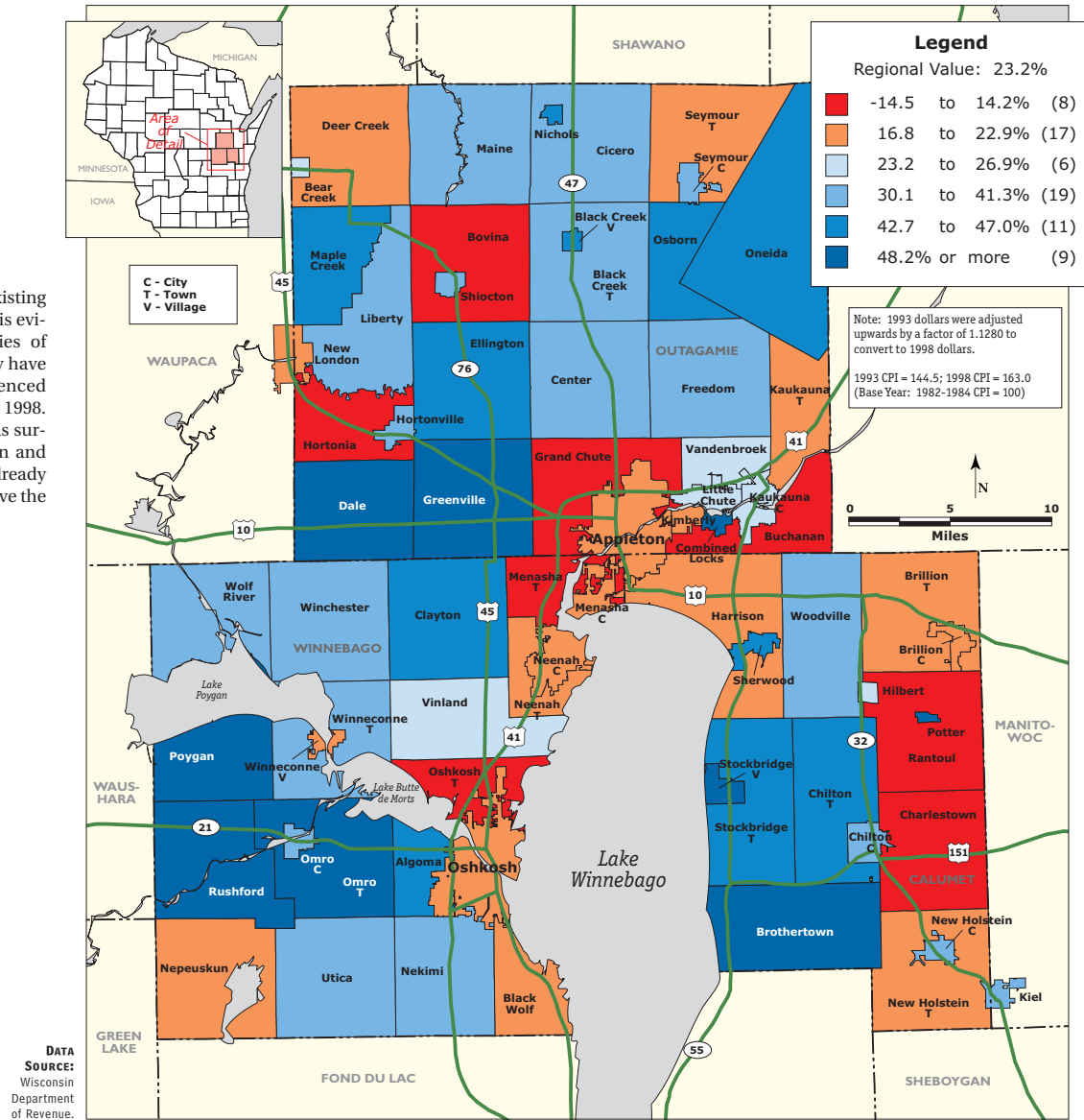
MAP 15: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999

TAX CAPACITY VARIES widely across municipalities in the Appleton-Oshkosh-Neenah region. Small communities on the region's fringes, where rapid population growth is occurring, and central cities, where poverty rates and service costs are high, tend to have the lowest capacities. The cities of Appleton, Oshkosh, Menasha and Omro, as well as the entire eastern portion of Calumet County, have tax capacities below the regional average. Suburbs surrounding Appleton and Oshkosh tend to have the highest capacities.



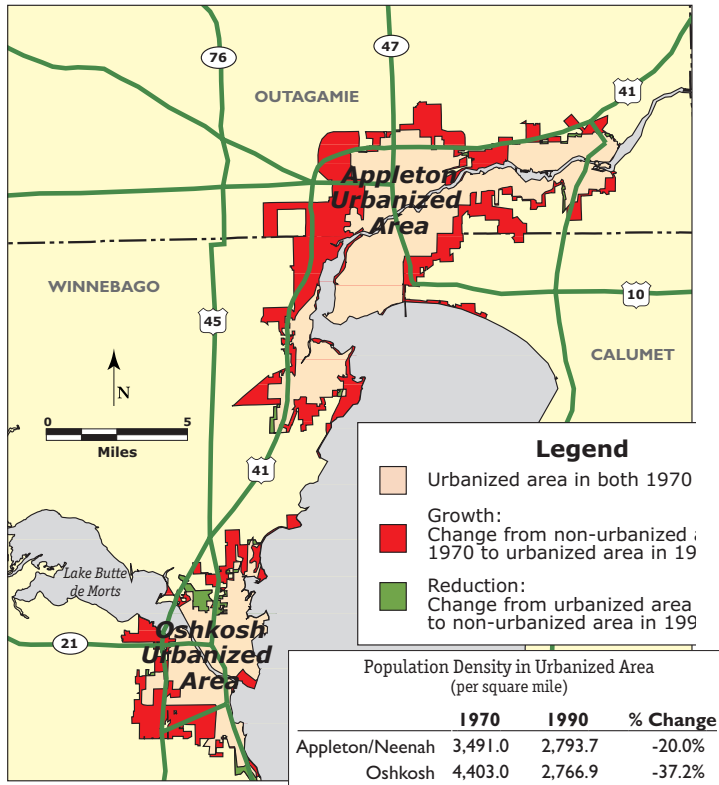
MAP 16: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1993-1999

CHANGES IN TAX CAPACITY often exacerbate existing patterns of inequality in regions, and that trend is evident in the Appleton region. The central cities of Appleton, Menasha and Oshkosh, which already have lower-than-average tax capacity also experienced slower-than-average growth between 1993 and 1998. In that same period, increasingly suburban areas surrounding Lake Butte de Morts and Lake Poygan and on the eastern shores of Lake Winnebago — already offering high tax capacity — grew at rates far above the regional average.



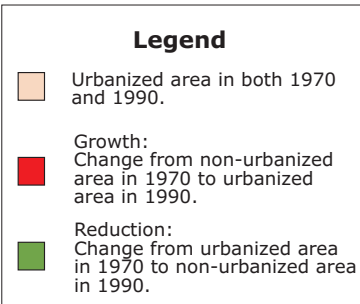
Urbanized Area

MAP 17: CHANGE IN URBANIZED AREA, 1970-1990



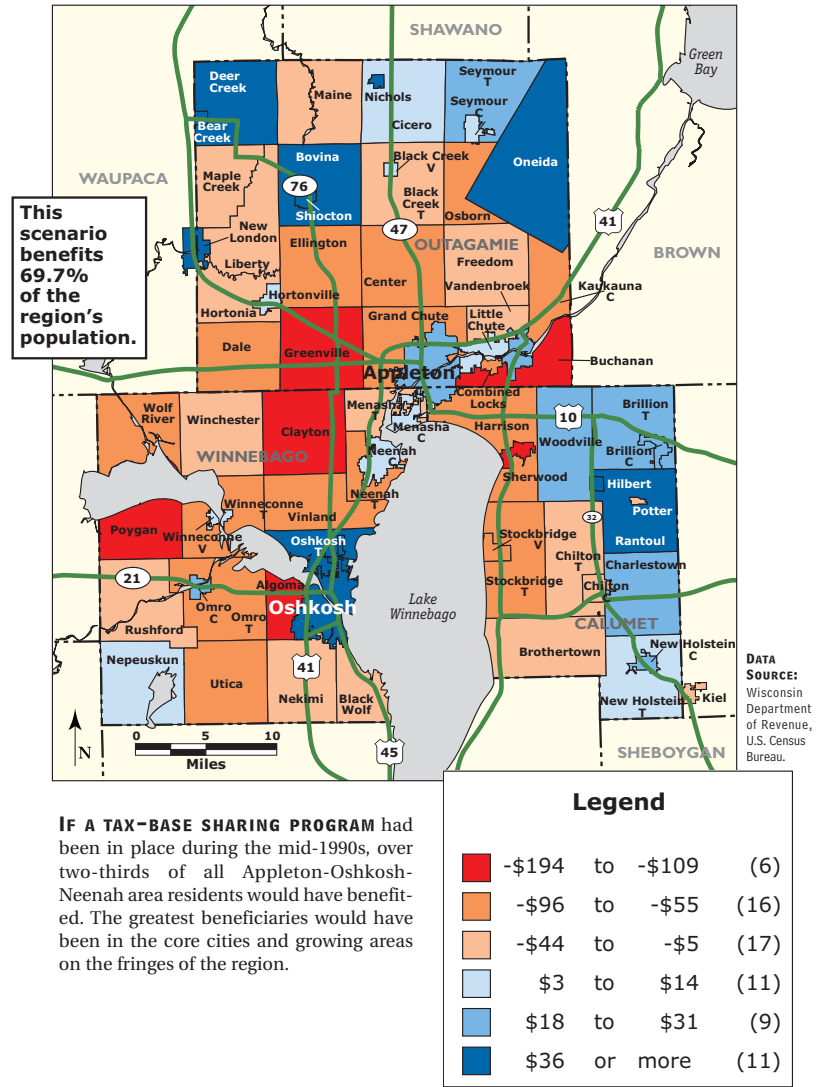
DATA SOURCE: U.S. Census Bureau.

INCREASES IN LAND AREA in urbanized uses increased by more than three times as much as the population in those areas, leading to a decline in population density in the urbanized portions of the region of 25 percent between 1970 and 1990. During the 1990s growth continued to be concentrated in the outer parts of the region.



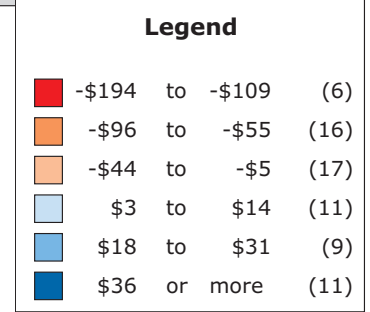
Tax Base Sharing

MAP 18: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



This scenario benefits 69.7% of the region's population.

IF A TAX-BASE SHARING PROGRAM had been in place during the mid-1990s, over two-thirds of all Appleton-Oshkosh-Neenah area residents would have benefited. The greatest beneficiaries would have been in the core cities and growing areas on the fringes of the region.



DATA SOURCE: Wisconsin Department of Revenue, U.S. Census Bureau.

Green Bay

THE FAST-GROWING Green Bay MSA consists of one county, Brown, and one major city, Green Bay. There are 23 smaller cities, towns and villages in the region.

Regional growth in Green Bay has been strong for the past 20 years. The population grew 17 percent during the 1990s and 11 percent during the 1980s, exceeding national and state growth rates. Most growth has occurred in suburban areas. In 2000, almost 227,000 people lived in the Green Bay area.

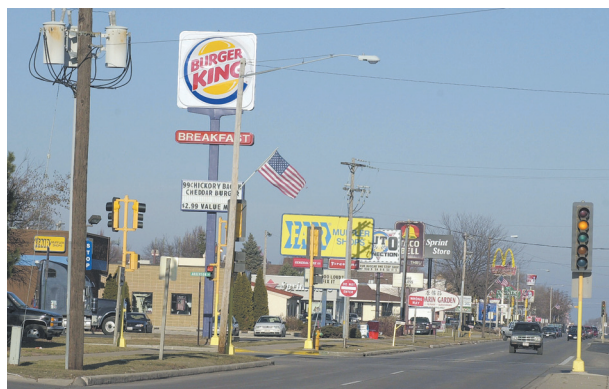
Residential density in Green Bay has remained fairly consistent over time. Between 1970 and 1990, the population of the region's urbanized area expanded by 24 percent while the urbanized land area itself has expanded at an only slightly greater rate, 29 percent.

THE ECONOMY

The Green Bay area relied on manufacturing for 21 percent of its jobs in 1998. Most of the job growth in manufacturing has been in durable-goods production, which grew from 8,000 to 10,400 jobs from 1993 to 1998. Non-durable good production, while still maintaining a strong presence, went through restructuring and consolidation in the 1990s, slowing its growth. Most of the manufacturing growth has not been in the city of Green Bay, but in new industrial parks along Interstate 43 and U.S. Highway 41.

Despite its traditional emphasis on manufacturing, the fastest-growing sector of the regional economy is finance, insurance and real estate, which grew by almost 40 percent, from 7,360 to 10,070 jobs, between 1993 and 1998.

The Green Bay area boasted 6 percent more jobs than employed residents in 1998. These conditions produce a very tight labor market with an



Commercial development adds tax base, but can lead to congestion and pollution in the long term.

unemployment rate of less than 3 percent. The area relies on commuters from surrounding counties and Michigan.

SOCIAL SEPARATION

As the area has grown, it has become more segregated. Poor and minority residents are increasingly concentrated in Green Bay. In fact, by 1998 almost 90 percent of all pupils eligible for free lunch in the region attended Green Bay schools, and 86 percent of the region's minority pupils attended Green Bay schools (Map 19). In that year only 56 percent of white

pupils attended the Green Bay district.

Between 1993 and 1998, the area's poverty dissimilarity index, measuring the percentage of poor pupils who would have to change districts to achieve an identical mix in each one, jumped 33 percent, from 24 to 32.⁹

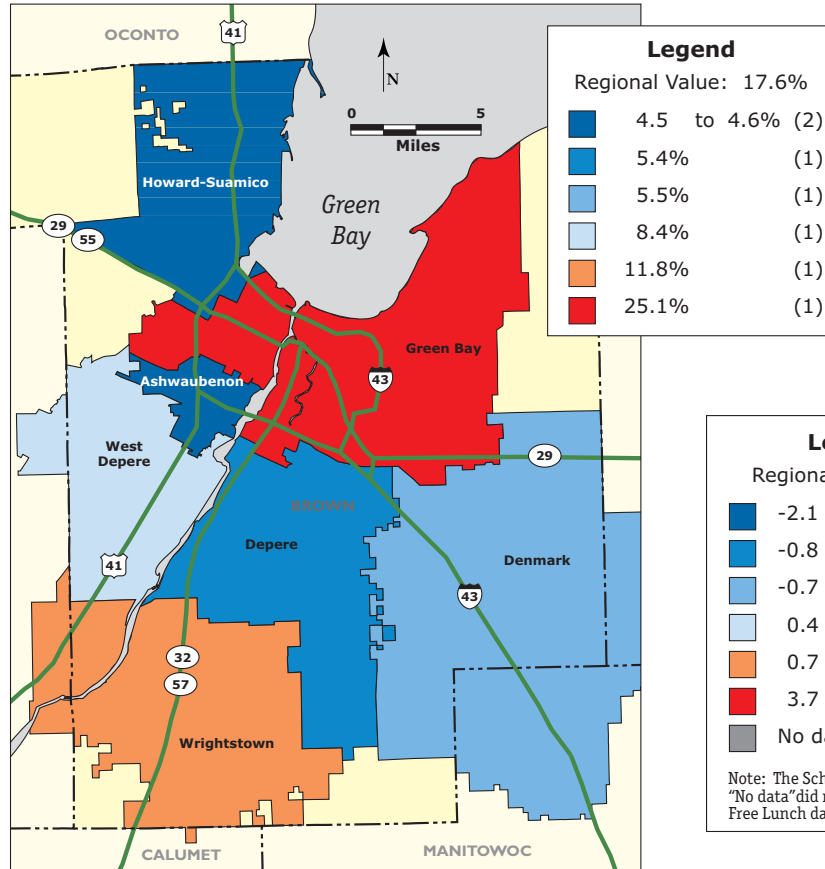
That pattern of racial and income segregation is accelerating. The Green Bay schools, with the region's highest percentage of poor pupils in 1998, also experienced the greatest increase in pupil poverty between 1993 and 1998 (Map 20). All of the districts immediately adjacent to Green Bay had below-average, and decreasing, poverty rates.

FISCAL CAPACITY

The central city, its inner-ring suburbs, and a few outlying areas have the region's lowest tax capacities, while the middle suburbs have the highest (Map 21). Tax base growth was lowest in the core and outermost parts of the region (Map 22). The effects of a tax-base sharing program would mirror these patterns with the greatest benefits accruing to the lowest-capacity core and fringe areas (Map 24).

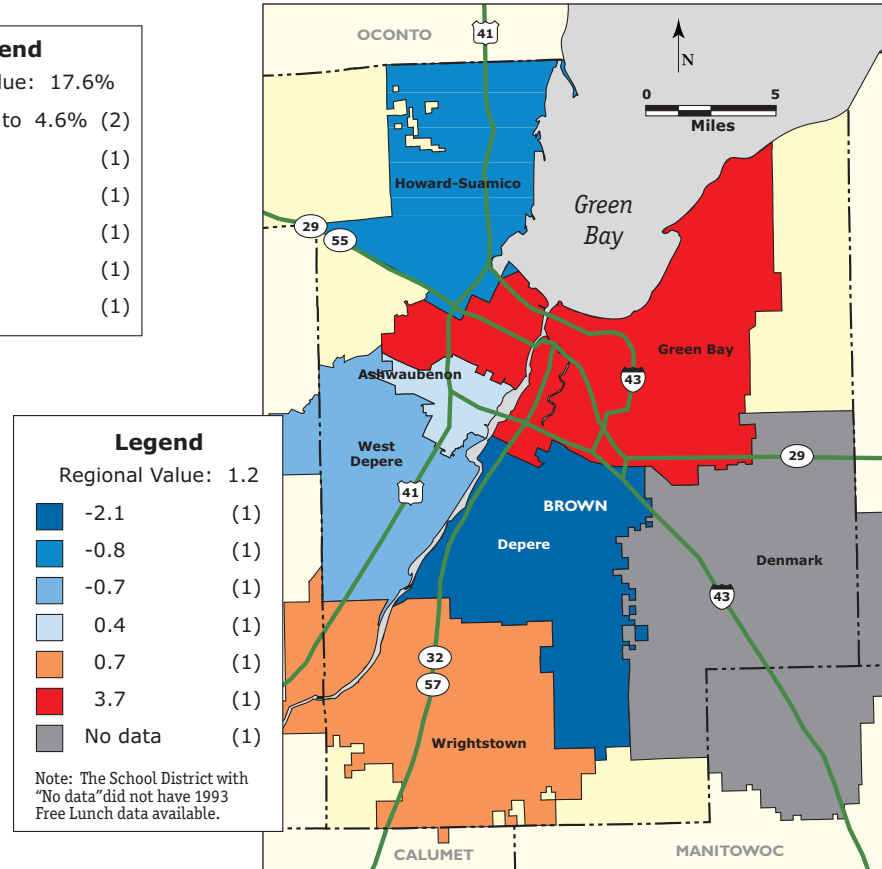
School Poverty

MAP 19: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998



DATA SOURCE: National Center for Education Statistics.

MAP 20: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



DATA SOURCE: National Center for Education Statistics.

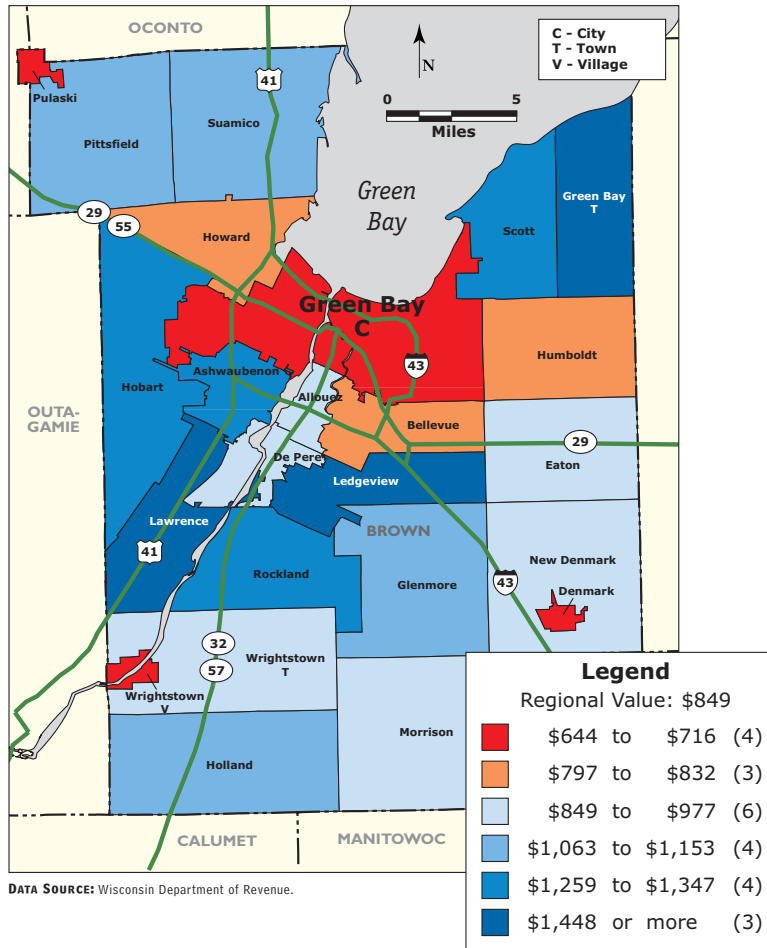
PUPIL POVERTY is highly segregated by school district in the Green Bay area. The central-city Green Bay Area School District is home to 61 percent of the region's pupils, but 87 percent of the poor pupils. In that district,

over one-fourth of the pupils are poor. No other district has a poverty rate above 12 percent; in fact, the average pupil poverty rate outside of Green Bay is only 6 percent.

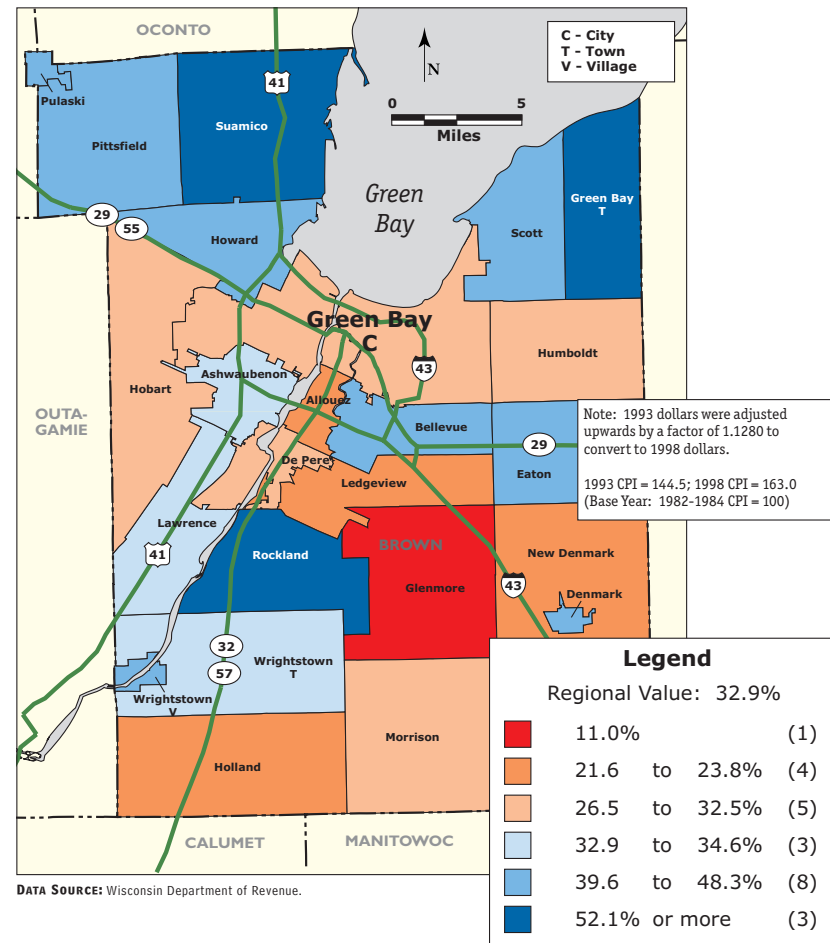
While the poverty rate in Green Bay proper

is rising, it is falling in most of the outlying districts. In fact the Wrightstown school district is the only district outside of Green Bay to have an increasing rate between 1993 and 1998 — and that was less than one percentage point.

MAP 21: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999



MAP 22: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1993-1999



COMMUNITIES in the Green Bay area vary greatly in their ability to raise revenue to provide services. The areas with the lowest capacities are the region's central city, Green Bay, and the villages of Pulaski, Wrightstown and Denmark, all on the edge of the region. Suburbs immediately adjacent to Green Bay

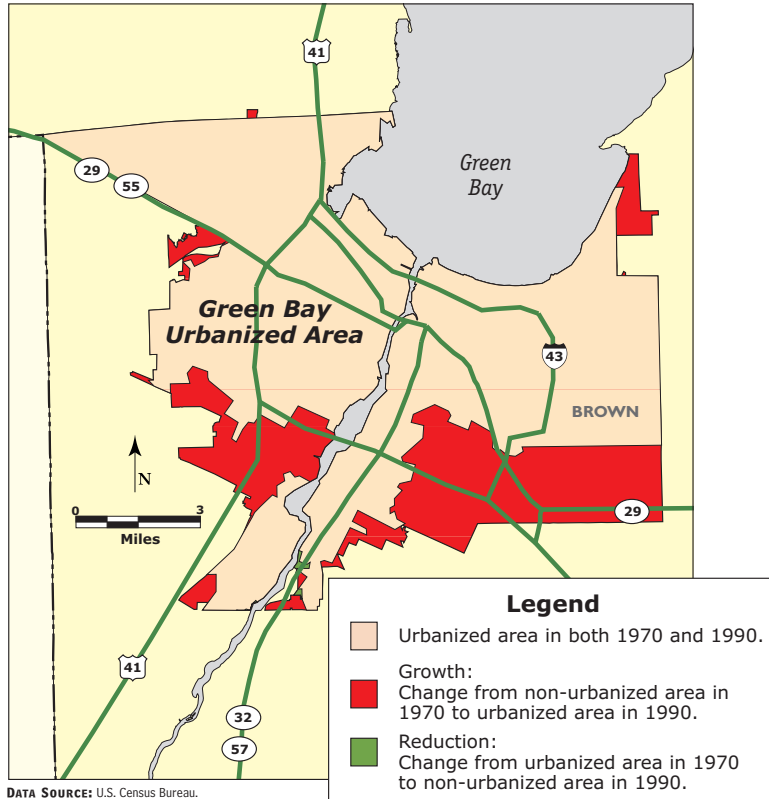
— Howard, Bellevue and Humboldt — also had below-average capacities. Tax capacities were highest in the next ring of suburbs around the city of Green Bay, including Lawrence and Ledgeview.

The towns of Rockland and Green Bay saw the biggest increases in tax capacity between

1993 and 1998 (63 and 55 percent, respectively), while Glenmore saw the smallest increase (11 percent). The outlying villages of Pulaski, Wrightstown and Denmark all saw above-average increases in tax capacity in this period. Tax capacity in the City of Green Bay grew at a below-average rate.

Urbanized Area

MAP 23: CHANGE IN URBANIZED AREA, 1970-1990

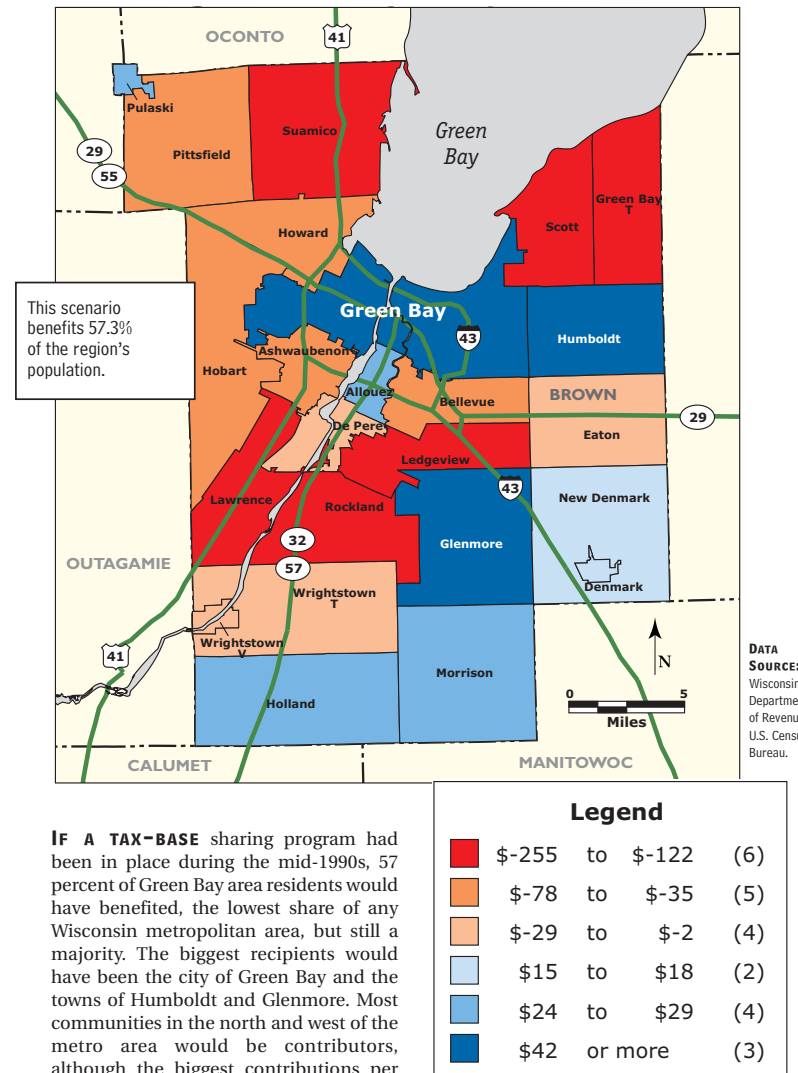


GROWTH in the Green Bay region was relatively compact between 1970 and 1990. The urbanized land area grew by roughly the same percentage as population in that area, resulting in just a small decline in population density.

Population Density in the Green Bay Urbanized Area (per square mile)		
1970	1990	% Change
1,664.0	1,617.7	-2.8%

Tax Base Sharing

MAP 24: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



IF A TAX-BASE sharing program had been in place during the mid-1990s, 57 percent of Green Bay area residents would have benefited, the lowest share of any Wisconsin metropolitan area, but still a majority. The biggest recipients would have been the city of Green Bay and the towns of Humboldt and Glenmore. Most communities in the north and west of the metro area would be contributors, although the biggest contributions per capita would come from the towns of Green Bay and Ledgeview.

Janesville-Beloit

THE JANESVILLE-BELOIT metro area, located on the Wisconsin-Illinois border, consists of Rock County, the cities of Janesville and Beloit, and 26 smaller cities, towns and villages. The area's 9 percent growth in the 1990s was much greater than in the previous decade, and just slightly under the statewide average. In 2000, 152,307 people lived in Rock County.

With this population increase has come a significant decrease in density. Between 1980 and 1990, the land areas of the Janesville and Beloit urbanized areas grew 5 and 24 percent while their populations grew only 3 and 10 percent (Map 29).

THE ECONOMY

Growth in the early 1990s was fueled by durable-goods manufacturing, particularly in the areas of transportation equipment and industrial machinery. In the latter part of the decade, growth in those sectors slowed considerably with major layoffs, and the service, construction and trade sectors contributed most of the region's growth.

The Janesville-Beloit economy is increasingly connected with that of adjacent regions. Almost one in five Rock County workers commute to another county to work. The largest portion goes to Madison or to cities in northern Illinois. Much of Beloit's wealth, in fact, has migrated to northern Illinois.

SOCIAL SEPARATION

The Beloit-Janesville area demonstrates familiar patterns of poverty and race. Pupil poverty is heavily concentrated in the Beloit schools, where the pupil poverty rate was double the regional average of 13 percent in 1998 (Map 25). However, its 26 percent figure represented a 7-point drop from 1993 — the region's greatest decline in that period (Map 26). The position of the Janesville



Large-scale retail development, like Pine Tree Plaza, built in 1998, radically changes the suburban landscape.

schools is much less precarious, with a poverty rate of 11 percent, 2 points below the average.

Poverty rates declined in seven of the region's 10 school districts in the 1990's with the greatest decline occurring in the highest poverty district — Beloit (Map 26).

Minority pupils are heavily concentrated in the region's poor schools. In fact, 68 percent

of the region's minority pupils attend school in Beloit, while only 15 percent of the region's white pupils attend that district.

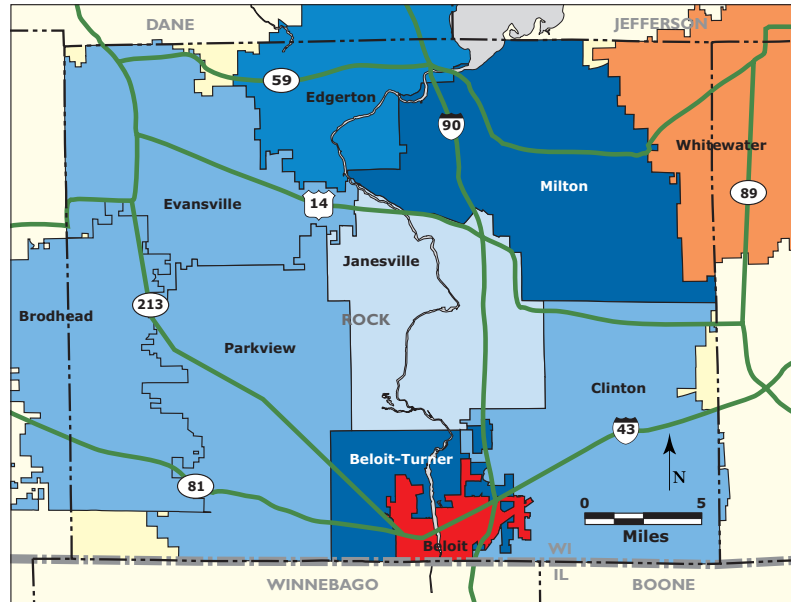
FISCAL CAPACITY

Communities in the Janesville-Beloit area are far from equal when it comes to their ability to raise revenue. The city of Beloit had a tax capacity 34 percent below the 1999 regional average (Map 27). The tax capacity of Janesville, while above average, paled in comparison to that of its northern and eastern suburbs, with capacities in some cases almost twice as high. Communities on the northern edge of the county all experienced above-average growth in tax capacity between 1993 and 1999, while those in the southeast experienced below-average increases (Map 28). Beloit's tax capacity, although relatively low, grew at a slightly above-average rate, while Janesville's tax capacity, slightly above average in 1999, grew at a slower-than-average rate in the preceding years.

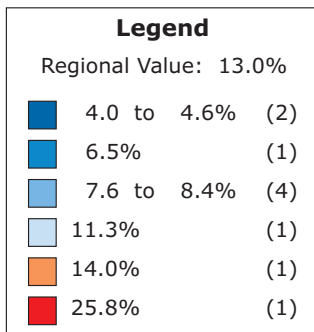
More than three-fourths of the region's population could have benefited from a tax-base sharing program in the 1990s (Map 30). Benefits would have been spread widely with the most significant accruing to the region's most stressed municipality, Beloit.

School Poverty

MAP 25: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998

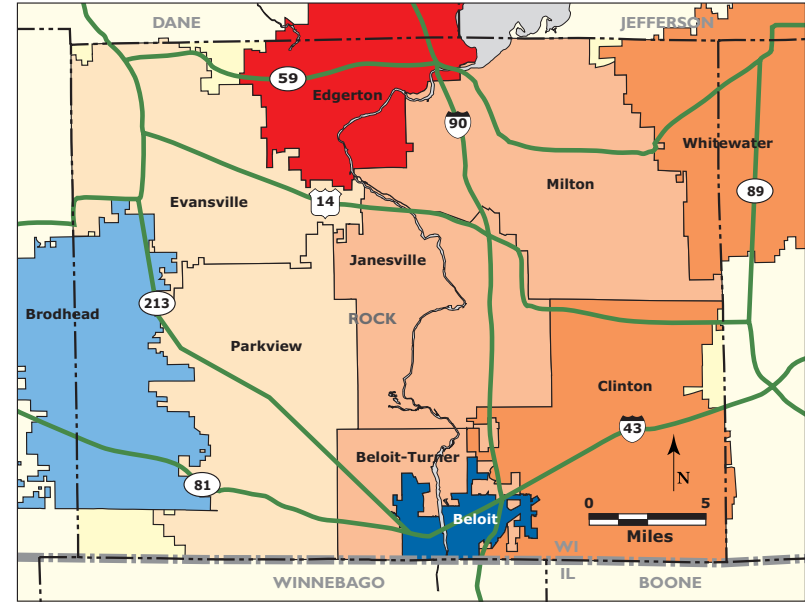


DATA SOURCE: National Center for Education Statistics.

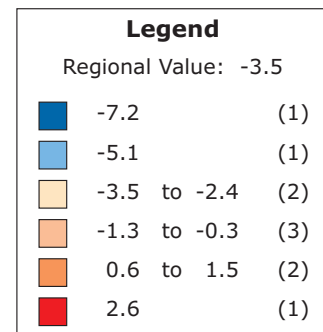


PUPIL POVERTY in the Janesville-Beloit region is heavily concentrated in the Beloit school district, where the poverty rate is nearly 26 percent. Almost half of the region's poor pupils attend Beloit schools, which are home to fewer than one-quarter of all of the region's pupils. The lowest pupil poverty rates in the region are found in the tiny Beloit-Turner School District. Both of its ele-

MAP 26: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



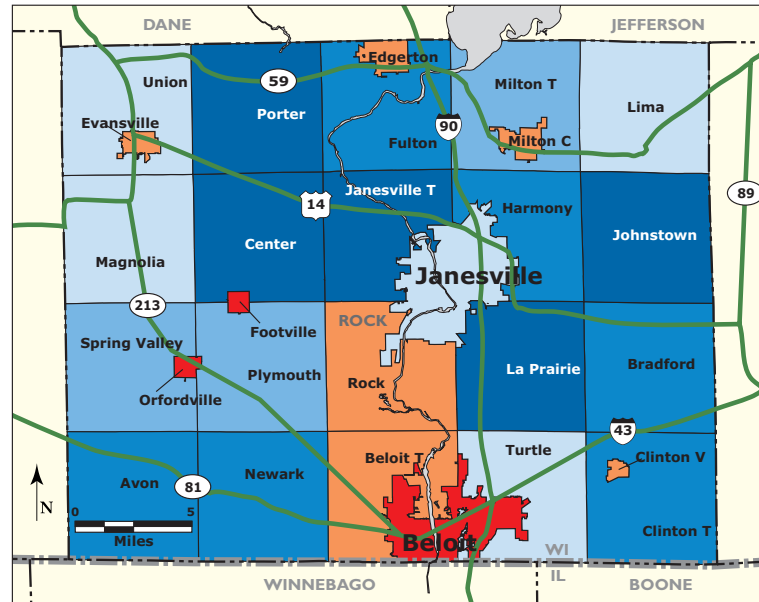
DATA SOURCE: National Center for Education Statistics.



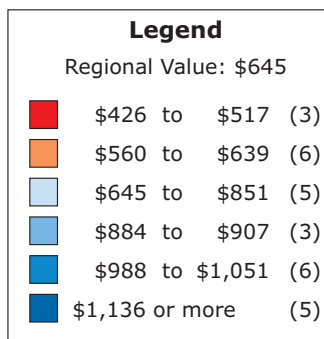
mentary schools are located within five miles of the much poorer Beloit school district schools. Beloit, however, saw a significant drop in its poverty rate between 1993 and 1998 — over seven percentage points. The Edgerton district, north of Janesville, saw the biggest increase, almost three points.

Tax Base

MAP 27: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999



DATA SOURCE: Wisconsin Department of Revenue.



C - City
T - Town
V - Village

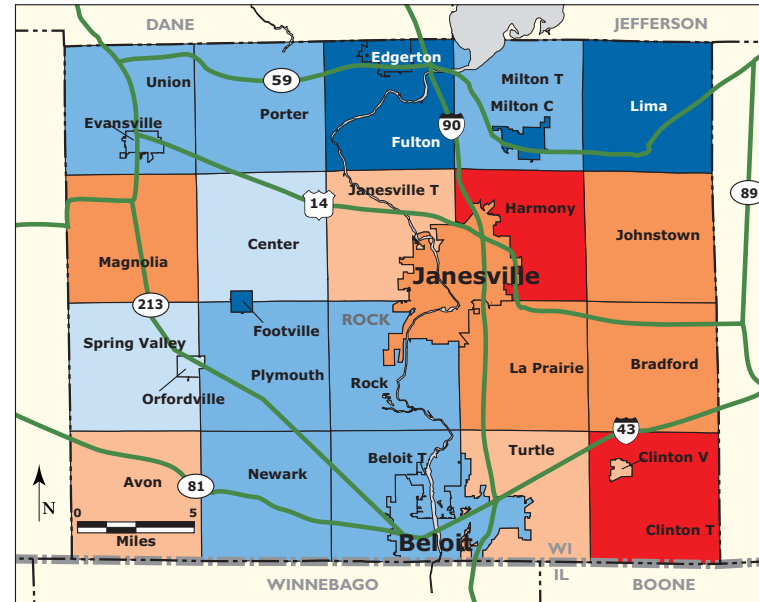
THE TAX CAPACITY of local governments varies widely across the Janesville-Beloit region. The area with the lowest capacity is the city of Beloit, and the areas with the next lowest capacities are its inner-ring suburbs and small satellite villages on the fringes of the region. The areas with the highest capacities are the region's northern and eastern suburbs. Fast-growing, low-capacity suburbs make up most of the western fringe of the region.

Communities on the northern edge of the county, from Union to Lima, all experienced above-average growth in tax capacity between 1993 and 1999, while those in the southeast, including Clinton, Harmony and La Prairie, experienced below-average increases. Beloit's tax capacity, although relatively low, grew at a slightly above-average rate, while Janesville's tax capacity, slightly above average in 1999, grew at a slower-than-average rate in the preceding years.

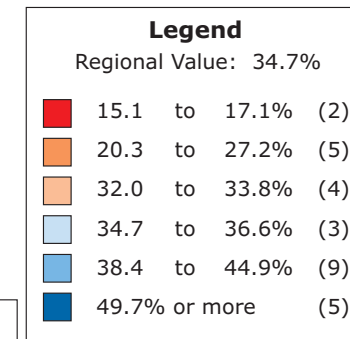
Note: 1993 dollars were adjusted upwards by a factor of 1.1280 to convert to 1998 dollars.

1993 CPI = 144.5; 1998 CPI = 163.0
(Base Year: 1982-1984 CPI = 100)

MAP 28: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1993-1999



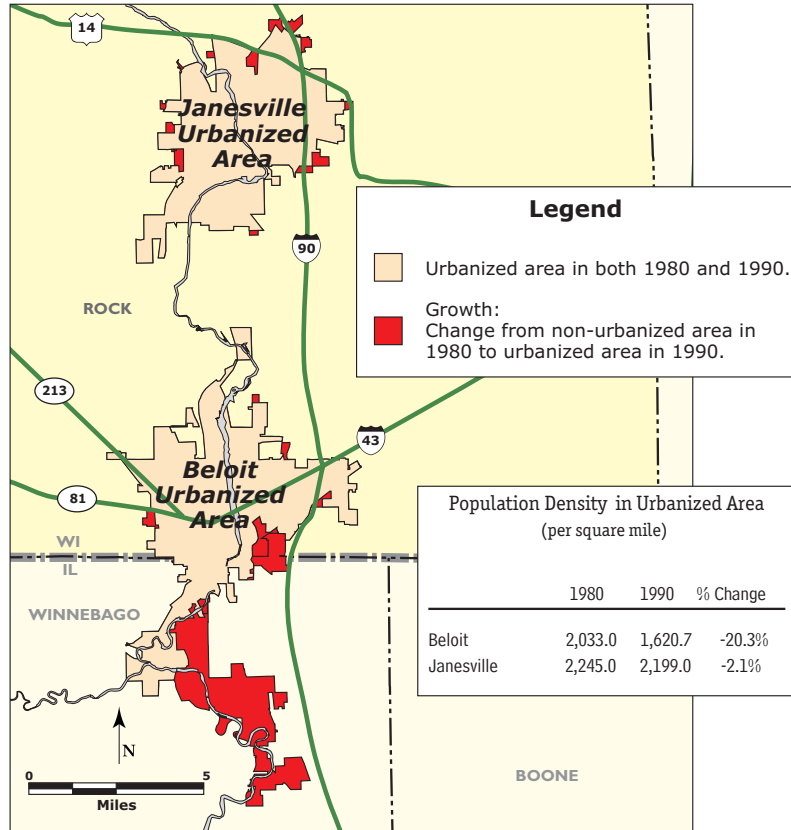
DATA SOURCE: Wisconsin Department of Revenue.



C - City
T - Town
V - Village

Urbanized Area

MAP 29: CHANGE IN URBANIZED AREA, 1980-1990

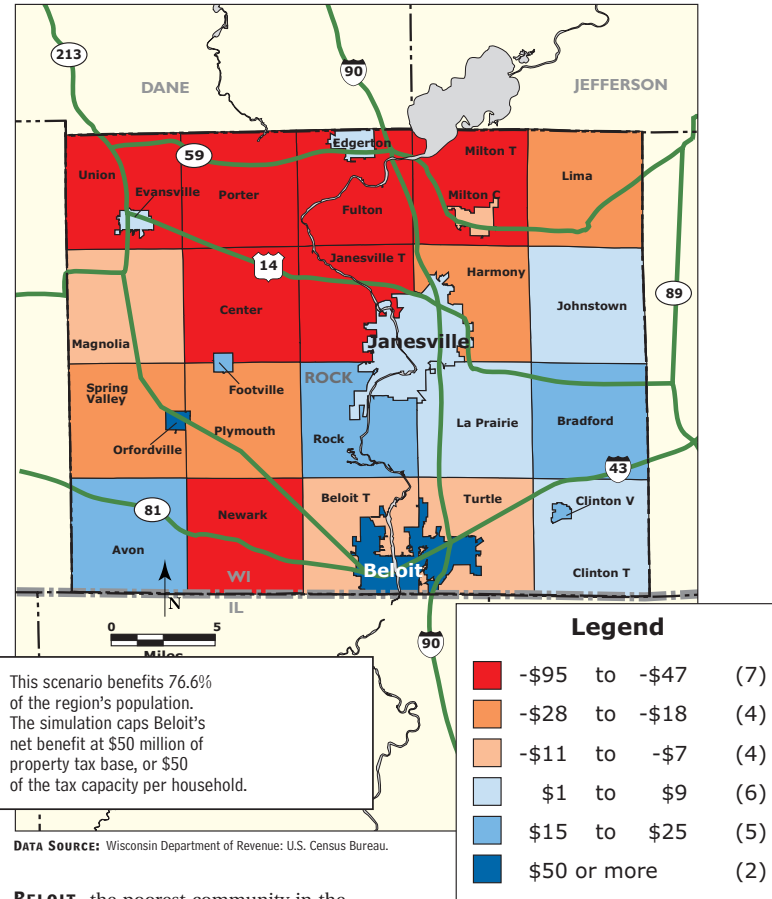


DATA SOURCE: U.S. Census Bureau.

LAND IN URBAN USES increased at nearly four times the rate of population increase in those areas between 1980 and 1990. Most of this growth occurred in the southern portion of the region, in Illinois.

Tax Base Sharing

MAP 30: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



DATA SOURCE: Wisconsin Department of Revenue; U.S. Census Bureau.

BELOIT, the poorest community in the region, would be the biggest recipient in a tax-base sharing program, along with Orfordville. Communities in the northern metro would have been the largest contributors, with the largest per capita contribution coming from the town of Janesville.

Eau Claire

THE EAU CLAIRE region, comprised of Eau Claire and Chippewa counties, is home to the cities of Eau Claire and Chippewa Falls, and 45 smaller cities, towns and villages. The population grew 8 percent in the 1990s, compared with the statewide rate of nearly 10 percent. That's up from the 1980s, when the region grew just 5 percent. By 2000, 148,000 people lived in the Eau Claire area.

Due to its modest growth, sprawl is less apparent in Eau Claire than in most other Wisconsin metropolitan areas. In fact, between 1980 and 1990, the population in Eau Claire's urbanized areas increased by 11 percent, while urbanized land expanded by only 8 percent. The result is an increase in overall density in the region (Map 35).

THE ECONOMY

The Eau Claire region, like many in Wisconsin, still counts manufacturing as an important piece of its economy. Most of its manufacturing growth has been in the computer-components industry. The durable-goods manufacturing sector more than tripled between 1993 and 1998, from 1,100 to 3,500 jobs. Most manufacturing growth has been in the cities of Eau Claire and Chippewa Falls.

SOCIAL SEPARATION

Although changes are evident, patterns of poverty around Eau Claire still reflect those of traditional Midwestern rural centers, where the city contains much of the region's wealth and poverty is mainly in the countryside (Map 31). In 1998, pupil poverty was highest in the north and west fringes of the metro, from New Auburn to Augusta.

Changes in poverty from 1993 to 1998, however, seem to indicate a shift to more urban patterns, with poverty concentrating in the urban center and adjacent suburban districts, and a sector of wealth outside of it (Map 32). Large increases in poverty in this period took place in Eau Claire schools, while poverty rates in most outlying districts fell.



The Eau Claire region is also becoming more diverse. Due to considerable rural poverty, minority pupils, highly concentrated in Eau Claire, were less likely than whites to attend one of the region's five high-poverty districts, all located in the outskirts of the metro. But signs of racial segregation are still evident: all of the schools with high percentages of minority pupils are located in Eau Claire while all but two rural schools are more than 97 percent white.

FISCAL CAPACITY

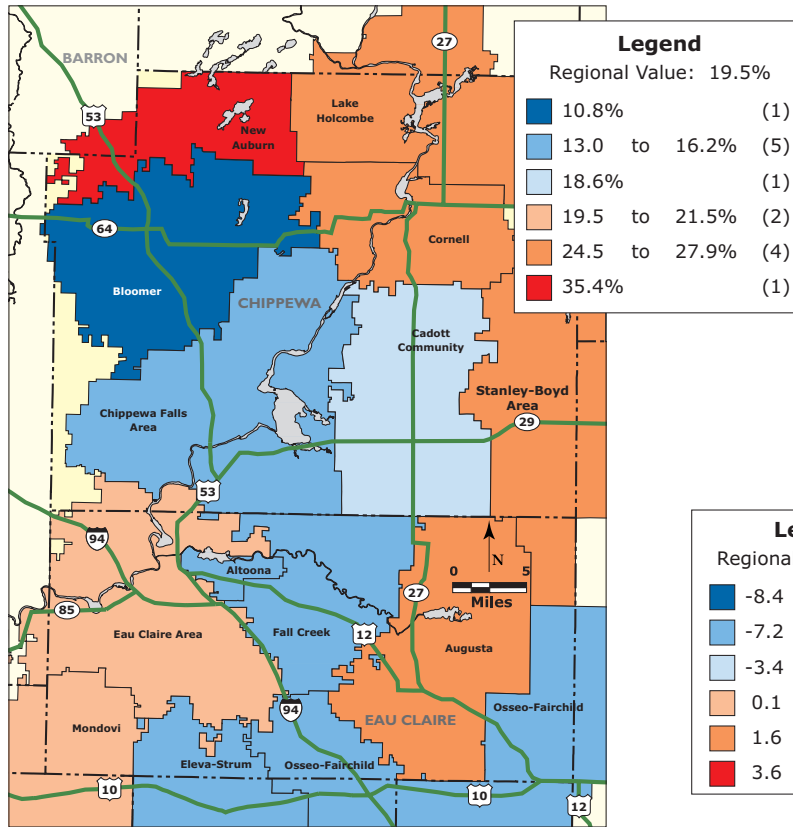
Fiscal disparities among local governments follow similar patterns. The tax capacities of the cities of Eau Claire and Chippewa Falls were 4 and 18 percent below the regional average in 1999, and they grew at below-average rates between 1993 and 1999. (Maps 33 and 34). The highest-capacity areas — Sampson, Birch Creek, Union and Pleasant Valley — are located outside the cities, and all had higher-than-average growth in that period.

Many of the outlying villages— like New Auburn, Cornell, Cadott, Augusta and Fairchild — have low but fast-growing tax capacities. The slowest growth was in Chippewa Falls and in towns on the region's eastern and southern fringes.

As a result of these patterns, benefits from a tax-base sharing program in the Eau Claire region go to central areas (Eau Claire, Chippewa Falls, and Altoona) and outlying areas, especially in the eastern part of the region (Map 36). More than three-quarters of the regions population would benefit from such a program.

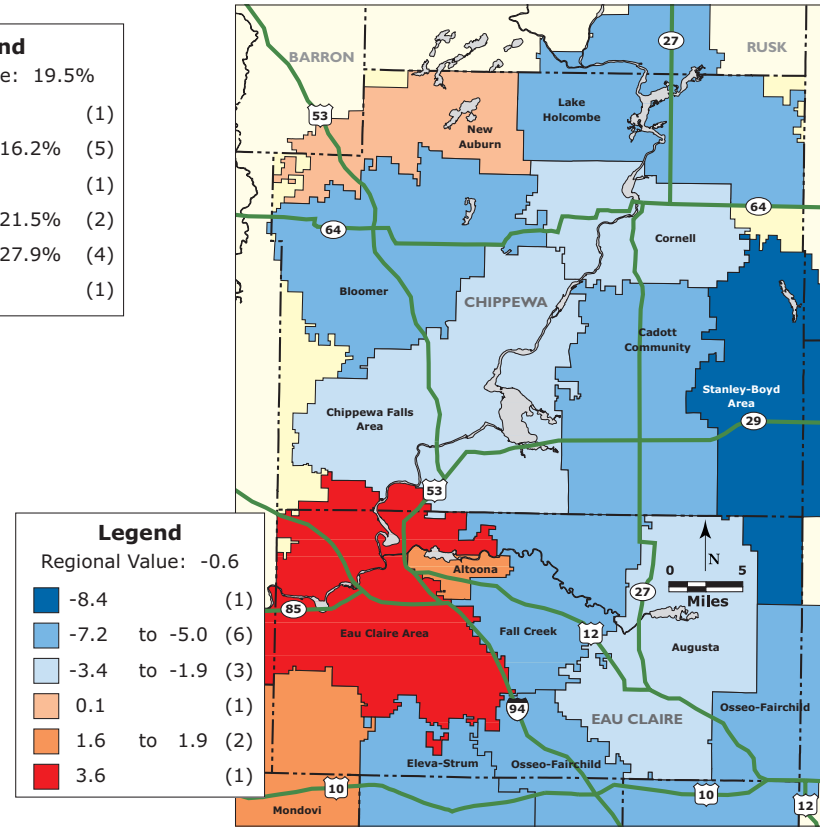
School Poverty

MAP 31: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998



DATA SOURCE: National Center for Education Statistics.

MAP 32: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



DATA SOURCE: National Center for Education Statistics.

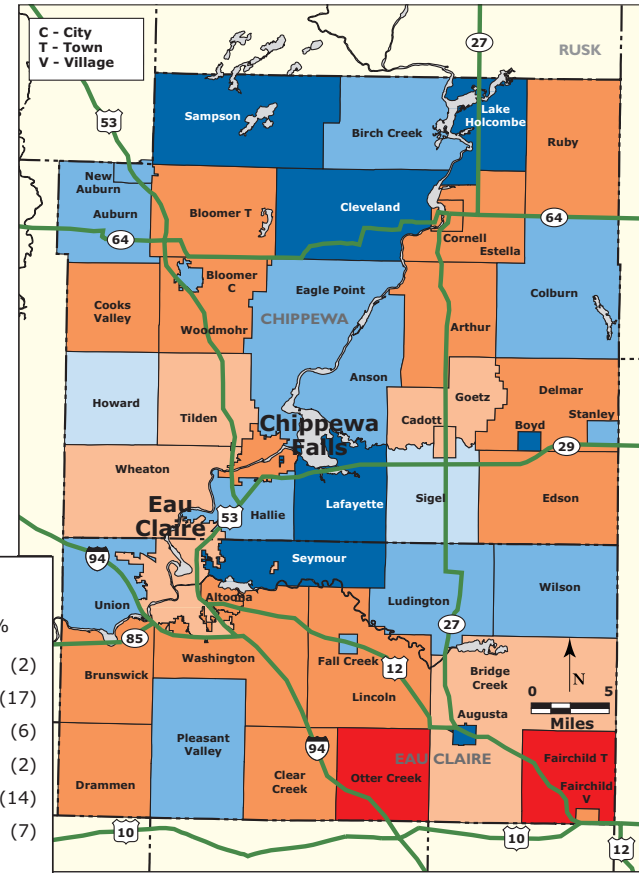
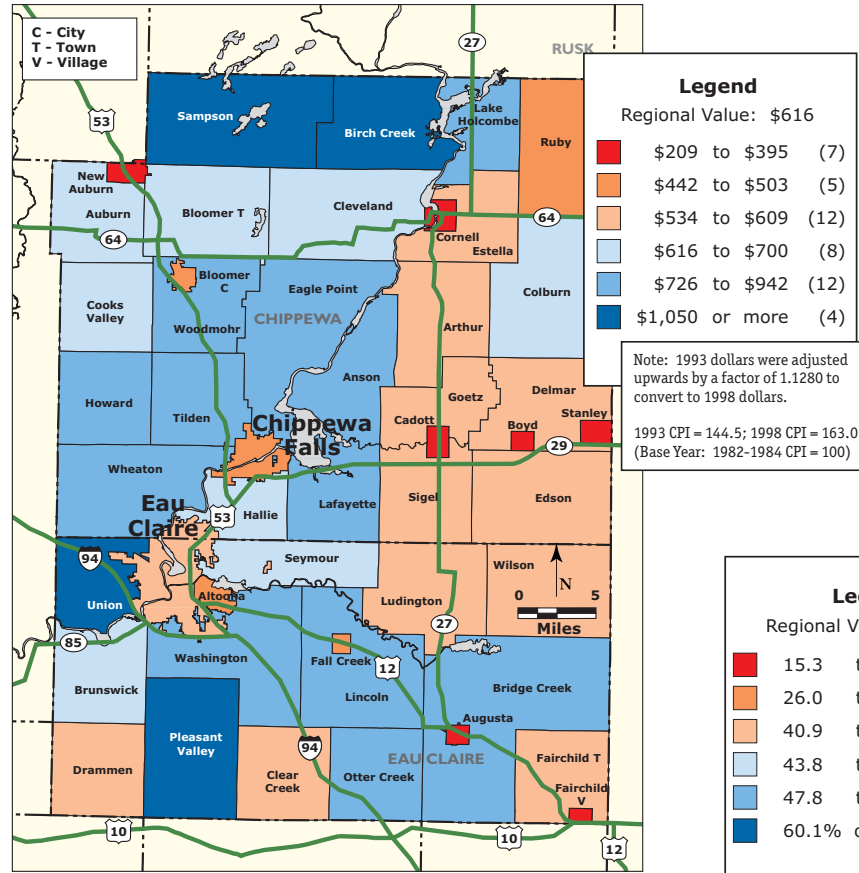
TWO AREAS of high pupil poverty exist in the Eau Claire region. One is the Eau Claire Area School District, which has a pupil poverty rate of 21 percent, just above the regional average. The other is the rural districts on the northern and eastern edges of the metro, including New Auburn (35 percent), Lake Holcombe (28 percent), Cornell (26 per-

cent), Stanley-Boyd (25 percent) and Augusta (27 percent).

Over time the differences between these areas seem to be shrinking; most rural districts saw decreases in poverty between 1993 and 1998, while the Eau Claire district saw an almost four-point increase in poverty in that period.

MAP 33: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999

MAP 34: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1993-1999



DATA SOURCE: Wisconsin Department of Revenue.

DATA SOURCE: Wisconsin Department of Revenue.

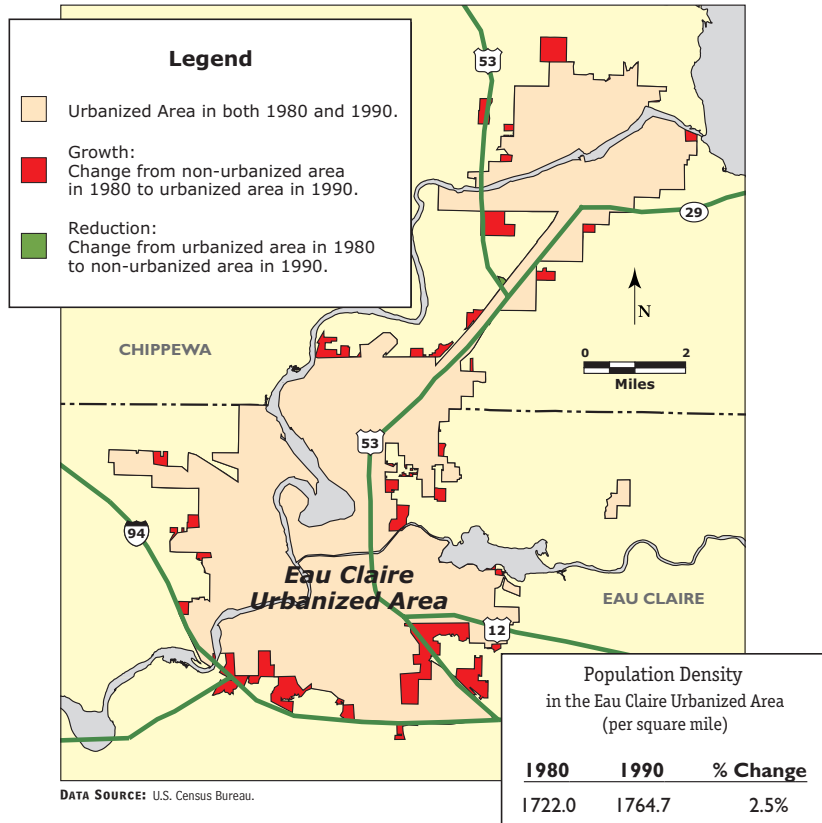
TAX CAPACITY — a community's ability to raise revenue to provide services — is far from uniform among Eau Claire-area municipalities. Low-capacity areas include the central cities of Eau Claire and Chippewa Falls, the inner-ring suburb Altoona, and the rural areas

on the eastern fringe of Chippewa County. High-capacity, low-cost communities exist to the south and east of the city of Eau Claire along Interstate 94 and U.S. Highway 12 and all around the city of Chippewa Falls. Many of the outlying communities — like the

cities of Cornell and Augusta and the villages of New Auburn, Cadott and Fairchild — have low but fast-growing tax capacities. The slowest growth between 1993 and 1999 was in Chippewa Falls and in towns on the region's eastern and southern fringes.

Urbanized Area

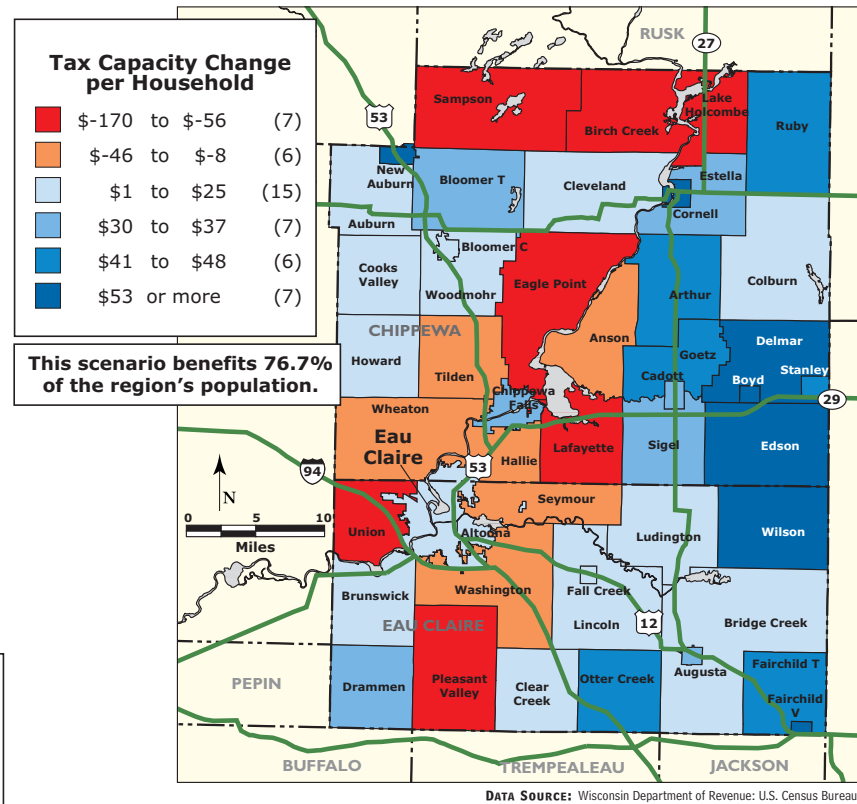
MAP 35: CHANGE IN URBANIZED AREA, 1980-1990



URBANIZED LAND AREA increased at modest rates between 1980 and 1990, with much of the growth occurring in the southern parts of the region. Population density in the urbanized portion of the region actually increased during the period.

Tax Base Sharing

MAP 42: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



IF A TAX-BASE sharing program had been in place during the mid-1990s, over three-fourths of all Eau Claire area residents would have benefited. The biggest recipients would be the tax-base poor outlying communities along the eastern edge of the region. The biggest contributors would be communities

along the northern edge of Chippewa County — Sampson, Birch Creek and Lake Holcombe — as well as most communities adjacent to Eau Claire and Chippewa Falls. Eau Claire and Chippewa Falls would both benefit from tax-base sharing.

Superior

THE SUPERIOR metropolitan area, situated on the banks of Lake Superior in northern Wisconsin, consists of Douglas County. It is part of the larger Duluth, Minnesota metropolitan area and home to 22 smaller towns and villages. The population grew by less than 4 percent in the 1990s, compared to a growth rate of 6 percent in the 1980s. Most growth has occurred within the city of Superior. In 2000, 43,287 people lived in the Superior area.

THE ECONOMY

Sluggish population growth in the Superior region over the past 10 years is primarily the result of the substantial decline of manufacturing. Between 1993 and 1998, Superior's manufacturing sector shrunk almost 20 percent due to the closure of two major non-durable goods factories. Because the area's construction and service industries expanded, the area still gained 1,000 jobs between 1993 and 1998, a 6 percent increase. However, wages in the region are only 82 percent of the Wisconsin average due in part to the replacement of high-wage manufacturing jobs with low-wage service jobs.

These conditions make for a relatively weak labor market. Nearly one-quarter of Douglas County workers commute to Minnesota to work. Of those, 90 percent are employed in the Duluth area. There was no increase at all in the amount of land in urban uses on the Wisconsin side of the region between 1970 and 1990 (Map 41).

SOCIAL SEPARATION

Superior's experience with suburbanization and sprawl is unlike that of many other metropolitan areas, in which people move away from the central cities to surrounding areas seeking better schools and public services. In this part of the state, people are moving into the city of Superior from rural areas.

The region has an overall pupil poverty rate of 31 percent, which, along with Milwaukee, is the highest among the seven metros. Poverty in elemen-



Population losses contribute to the decline of traditional downtowns.

tary schools is highest in the south, in the mainly rural Webster and Northwood areas (Map 37). But the biggest increase in poverty has taken place in the Superior school district, where poverty rates rose 4 points, to 31 percent, between 1993 and 1998 (Map 38). All of the outer school districts except Webster saw falling poverty rates in that time.

Although overall minority percentages are relatively low in the region, racial segregation is evident. The rural Webster school district has the biggest minority enrollment in the area, 21 percent, and the Solon Springs district has the lowest, 1 percent. Although the Superior school district has an overall minority enrollment of only about 8 percent, there is relatively wide variation among its schools: within one mile are two schools, one with a 9 percent minority enrollment and another with 25 percent minority enrollment.

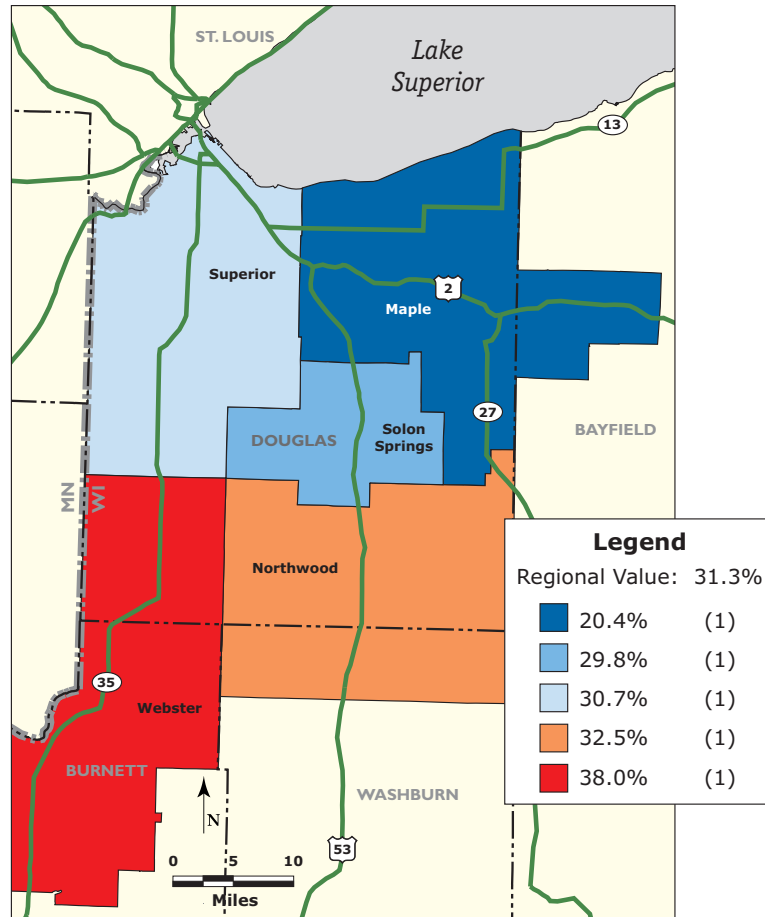
FISCAL CAPACITY

Tax capacities — a community's ability to raise revenue to provide services — are far from equitable across the Superior region, generally rising with distance from the city of Superior (Map 39). The city of Superior itself had a below-average tax capacity in 1999 and that capacity rose at a below-average rate in the preceding six years (Map 40). The townships of Superior and Parkland had similarly low and slow-growing capacities. The townships of Lake Nebagamon, Wascott and Solon Springs had above-average and fast-rising capacities.

As a result of these patterns, benefits from a tax-base sharing program would flow primarily to the region's core (Map 42). Nearly three-fourths of the region's population would benefit from such a program.

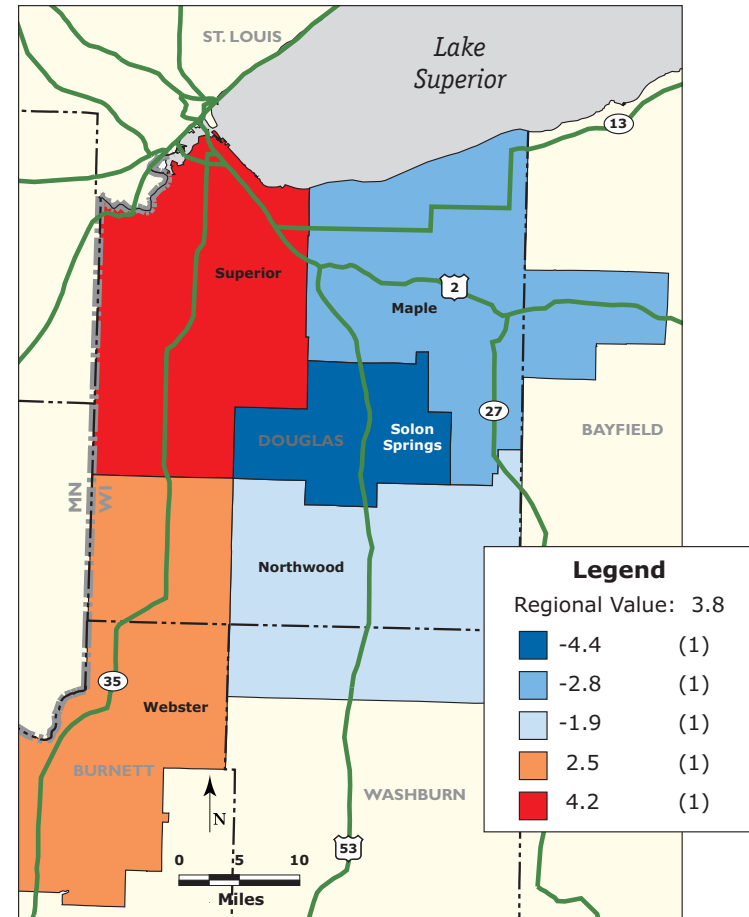
School Poverty

MAP 37: PERCENTAGE OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1998



DATA SOURCE: National Center for Education Statistics.

MAP 38: CHANGE IN PERCENTAGE POINTS OF ELEMENTARY STUDENTS ELIGIBLE FOR FREE LUNCH BY SCHOOL DISTRICT, 1993-1998



DATA SOURCE: National Center for Education Statistics.

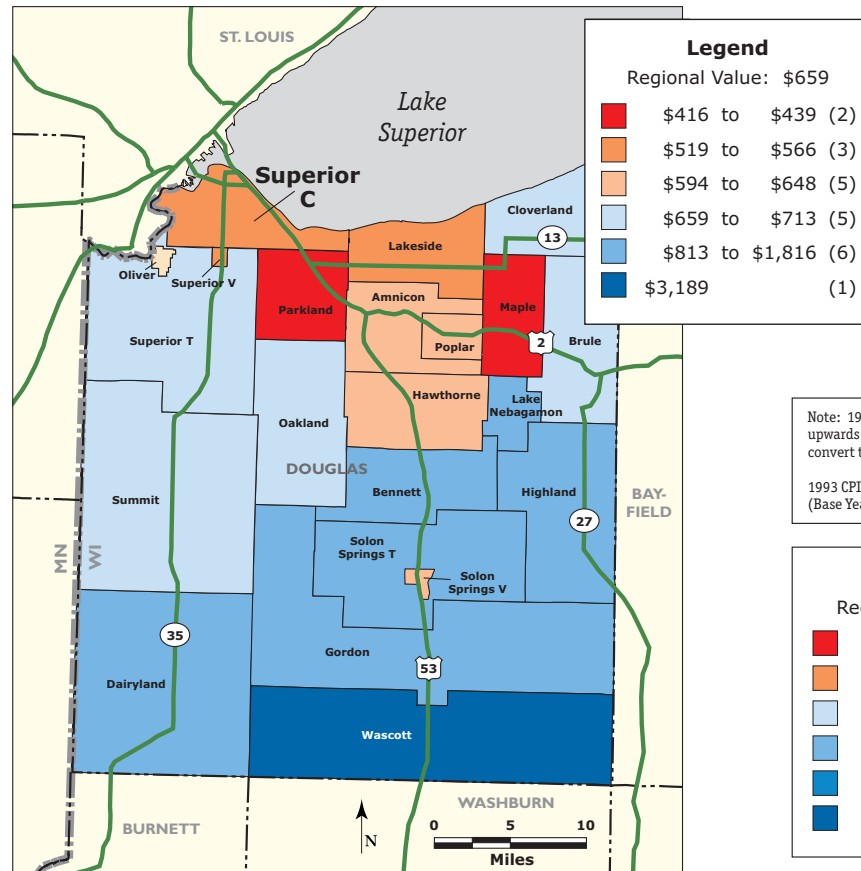
AT OVER 30 PERCENT, pupil poverty is higher across the Superior region than in any of the other metropolitan areas in Wisconsin except Milwaukee. Unlike in most other regions, pupil poverty is concentrated in the two rural, outlying rather than in the region's central city.

This is not to say that the central city schools are faring well; in fact they experienced the largest increase in poverty between 1993 and 1998 — over four percentage points.

The two districts with the lowest pupil poverty rates are Maple and Solon Springs, just

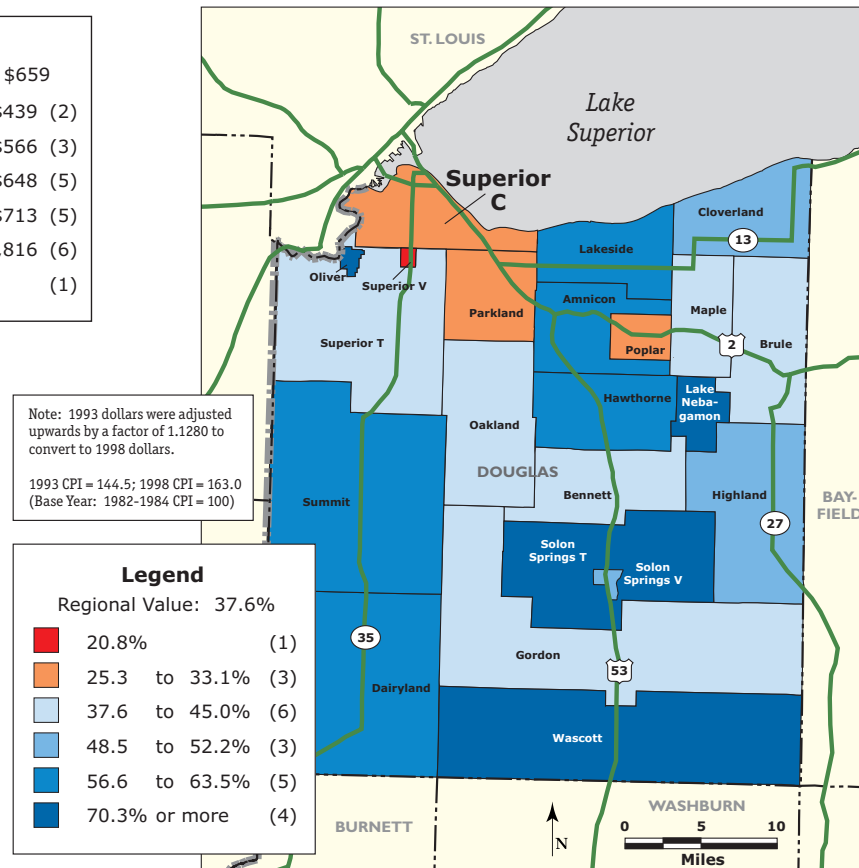
outside of Superior proper. While they both experienced increases in poverty in those years, their rates increased at a slower rate than in other Superior-area districts. The Webster district had the highest pupil poverty in 1998, and that rate has been increasing over time.

MAP 39: TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1999



DATA SOURCE: Wisconsin Department of Revenue.

MAP 40: PERCENTAGE CHANGE IN TAX CAPACITY PER HOUSEHOLD BY MUNICIPALITY, 1993-1999



DATA SOURCE: Wisconsin Department of Revenue.

COMMUNITIES in the Superior region are far from equal when it comes to their ability to raise revenue to provide services. Tax capacities are lowest in the central city of Superior and its suburbs to the east, from Parkland and Lakeside to Hawthorne and Maple. The city's

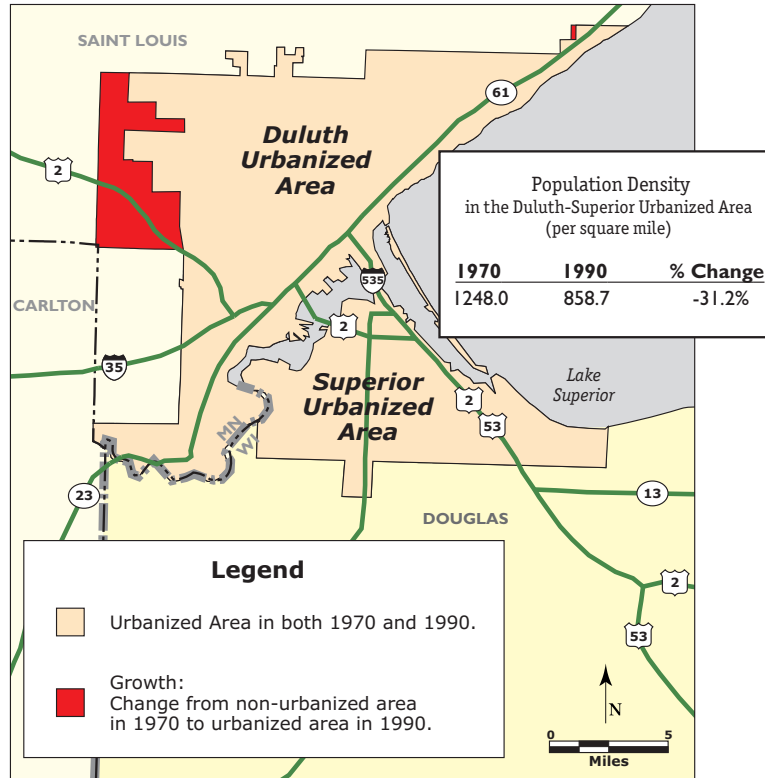
outer southern and eastern suburbs have much higher capacities. The community with the highest tax capacity is the outlying Wascott area.

The city and village of Superior saw the slowest increases in tax capacity between 1993

and 1999 (21 and 25 percent increases), and the village of Oliver saw the greatest (122 percent). Lake Nebagamom, the town of Solon Springs and Wascott also significant increases.

Urbanized Area

MAP 41: CHANGE IN URBANIZED AREA, 1970-1990

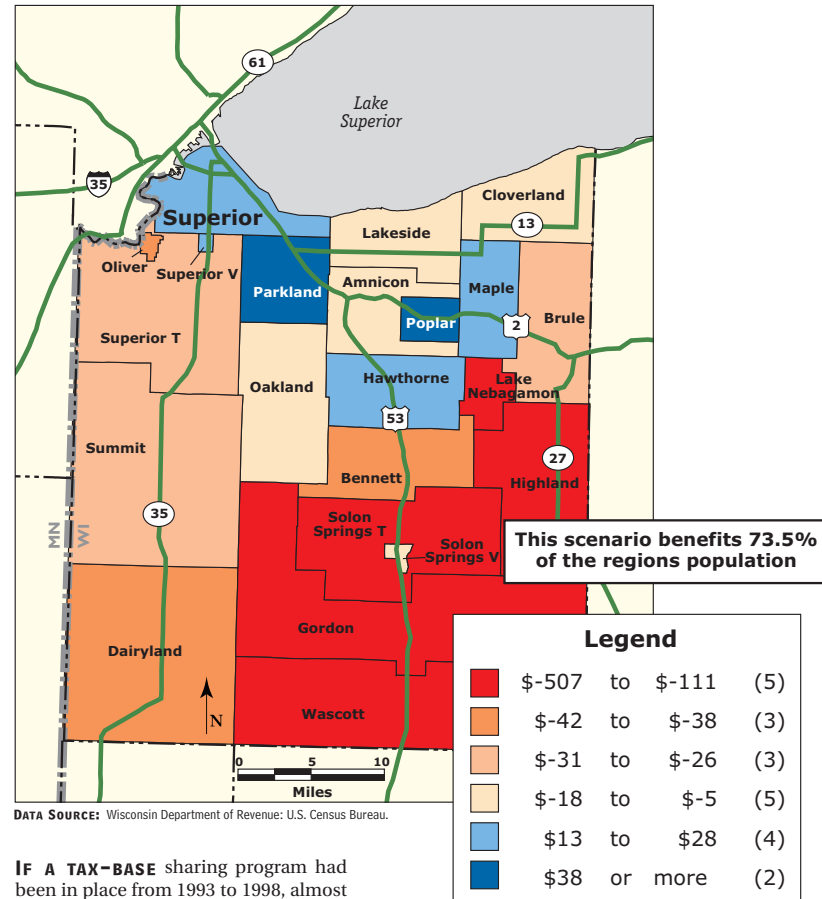


DATA SOURCE: U.S. Census Bureau.

THERE WAS NO INCREASE in the land area in urban uses on the Wisconsin side of the region between 1970 and 1990, a reflection of sluggish economic and population growth.

Tax Base Sharing

MAP 42: SIMULATED CHANGE IN TAX CAPACITY PER HOUSEHOLD AS A RESULT OF REDISTRIBUTION OF 40% OF TAX BASE GROWTH ACCORDING TO INCOME PER CAPITA, 1993-1999



DATA SOURCE: Wisconsin Department of Revenue; U.S. Census Bureau.

IF A TAX-BASE sharing program had been in place from 1993 to 1998, almost three-fourths of all Superior area residents would have benefited. The biggest recipients (per household) would have been the town of Parkland and the village of Poplar, although the city and village of Superior and towns of Maple and

Hawthorne would also receive significant funds under tax-base sharing. All other local governments would contribute, with the biggest contributors the towns of Wascott and Highland.

Comparing Wisconsin's Metro Areas



WISCONSIN'S METROPOLITAN AREAS embody a very wide range of urban environments — from the big city of Milwaukee to the small regional center of Eau Claire. There's fast-growing Appleton and the slow-growing regions of Superior and Janesville-Beloit. Manufacturing remains dominant in many places, such as Green Bay, while state government and higher education dominate Madison's economy. This diversity highlights the need for regional decision-making to meet unique needs instead of following one-size-fits-all state policies.

Social separation: School poverty rates in 1998 ranged from 31 percent in the Milwaukee and Superior regions to 11 percent in the Appleton region, a ratio of approximately 3-to-1. The degree of segregation of poor students in these regions varied more. The percentage of poor children who would have to change school districts to achieve an identical mix of students in each one was 61 percent in Milwaukee, and just 4 percent in Superior — a ratio of 15-to-1.

Although poverty was high in Superior, segregation of poor students was low. In contrast, both overall poverty and the segregation of poor students were pronounced in Milwaukee. Indeed, Milwaukee is a special case: in Madison, the region with the next-highest degree of income segregation, only 36 percent of poor students would have to move to achieve balance.

The story of Wisconsin urban minorities is similar, if more dire. The range of minority enrollment in 1998 was slightly greater than poverty — from 42 percent in Milwaukee to 8 percent in Eau Claire — while the range in segregation was smaller. On the high end, 69 percent of minority students in Milwaukee would have to change schools to achieve an identical mix of students in each one. In Superior, 32 percent would need to move.

That is because of the high degree of racial segregation throughout the state: in all seven areas, at least one of every three minority students would have to change schools to achieve parity. In the Janesville-Beloit area it was

59 percent; in Green Bay 48 percent; in the Appleton region, 40 percent.

Urbanized area: Density can support efforts to preserve open space and encourage more efficient use of land. But from 1970 to 1990 the increase in the amount of land considered urban in these seven regions — between 8 and 59 percent — in most cases grew much faster than the population within it.

As a result, population density decreased in the urbanized area of six of the seven metro areas — all but Eau Claire, where density increased by 2 percent. The biggest decrease, 31 percent, was in Superior; the second largest, 25 percent, in Appleton. The Superior and Milwaukee urbanized areas actually experienced population decreases during this period.

Fiscal inequality: Municipalities with high tax capacities are able to levy relatively low tax rates to provide the level of services desired by residents. A municipality with low tax capacity, on the other hand, either must levy relatively steep tax rates in order to provide comparable services, or hold the line on taxes and provide fewer, or lower quality, services. Either choice puts them at a disadvantage in the regional competition for jobs and residents.

One way to measure tax-capacity inequality within a region is the ratio of tax capacity in a high-capacity place (the one at the 95th percentile) to the tax capacity in a low-capacity community (the one at the 5th percentile). The highest ratio among Wisconsin regions, 4.1, is in Superior. That means that if all places in the Superior area levied the region's average tax rate, the high-capacity place would generate four times the revenue of the low-capacity place. The lowest ratio among Wisconsin regions was in Green Bay, was 2.2, down from 2.5 in 1993.

These Wisconsin disparities are all relatively low by national standards. For instance, in 1999 Milwaukee had the smallest ratio of the 25 largest metropolitan areas, 3.3 — just edging out Portland and Minneapolis-St. Paul, and way ahead of Chicago, St. Louis and Cincinnati, which had ratios from 11.9 to 31.6.¹⁰

Summary Data for Wisconsin Metropolitan Areas

Social Separation

Metropolitan Area	Percentage of Students Eligible for Free Lunch		Percentage of Poor Students Required to Move to Achieve Parity		Minority Percentage		Percentage of Minority Students Required to Move to Achieve Parity	
	1993	1998	1993	1998	1993	1998	1993	1998
	Milwaukee	32	31	66	61	37	42	64
Madison	11	12	35	36	12	17	53	53
Appleton-Oshkosh-Neenah	9	11	16	20	9	11	38	40
Green Bay	16	18	24	32	11	17	42	48
Janesville-Beloit	16	13	33	26	13	14	56	59
Eau Claire	20	19	14	12	5	8	49	48
Superior region	28	31	7	4	9	10	33	32

Sprawl

	Urbanized Land Area (sq. miles)			Population in Urbanized Area			% Change in Population Density in Urbanized Area
	1970	1990	% CHANGE	1970	1990	% CHANGE	
	Milwaukee	485	551	12	1,369,859	1,348,081	
Madison	69	98	42	205,453	244,336	19	-16
Appleton-Oshkosh-Neenah	50	79	59	185,012	219,853	19	-25
Green Bay	78	100	29	129,105	161,931	25	-3
Janesville-Beloit	48	59	22	102,477	109,071	6	-13
Eau Claire	42	46	8	72,317	80,293	11	2
Superior region	111	143	29	138,352	122,917	-11	-31

Fiscal Inequality

RATIO OF 95TH PERCENTILE MUNICIPALITY TO 5TH PERCENTILE MUNICIPALITY	Tax Capacity		Tax Capacity plus State Aid		Tax Capacity plus TBS Net Distribution	State Aid as a % of Tax Capacity	Tax-Base Sharing Pool as a % of Tax Capacity
	1993	1999	1993	1999	1999	1999	1999
	Milwaukee	3.3	3.2	2.0	2.2	2.8	107
Madison	3.7	3.5	2.2	2.1	2.9	75	12
Appleton-Oshkosh-Neenah	3.4	3.0	1.6	1.6	2.6	104	9
Green Bay	2.5	2.2	1.4	1.6	1.9	100	11
Janesville-Beloit	2.7	2.3	1.5	1.6	2.1	145	12
Eau Claire	3.7	3.6	1.6	1.6	2.6	146	13
Superior region	3.8	4.1	2.9	3.9	3.3	186	11



Regional Strategies for Balanced Growth

PATTERNS OF INEQUALITY vary in important ways across Wisconsin's urban centers. In the state's largest metropolitan area, Milwaukee, the problems — sprawling development on the edge, deterioration in the core, increasing separation by income and race, and growing fiscal disparities among local governments — have hindered the city's ability to contribute to regional economic growth. The situation in the small- and medium-sized metropolitan areas is not so problematic, but current trends clearly highlight the potential for growing disparities down the road.

Wisconsin's metropolitan areas are at widely varying stages of development. It is very difficult, if not impossible, to design state-wide policies that can accommodate this diversity. At the same time, many public activities now carried out by local governments have consequences beyond their borders. Natural systems spread the costs and benefits associated with water, sewage, and sewage treatment programs; regional housing markets spread the costs and benefits of affordable housing programs, land use restrictions, and income redistribution activities; regional labor markets spread the costs and benefits of economic development and education activities; transportation systems spread the costs and benefits local street and bridge maintenance and enable non-residents to enjoy locally maintained amenities such as parks.

When local actions have regional consequences, local and regional interests can diverge. An activity that makes perfect sense based on a local evaluation of the potential costs and benefits may be very undesirable from a regional perspective because many of the costs are not felt locally. Another activity may not seem worthwhile from one locality's perspective but be highly beneficial from a regional point of view because many of the benefits accrue to residents of other communities. In these cases, some form of regional participation in decision-making is preferable to complete local autonomy.

In short, regional problems require regional solutions. Broad policy



areas where reforms are most needed to combat social separation and wasteful sprawl include:

- Greater **fiscal equity** to equalize resources among local governments.
- Smarter **land-use planning** to support more sustainable development practices.
- A coordinated **regional economic development strategy** to make entire metropolitan areas more competitive.
- Accountable **metropolitan governance** to give all communities a voice in regional decision-making.

In addition to addressing individual problems, these strategies are mutually reinforcing. Successfully implementing one strategy makes implementing the others much easier, both substantively and politically. Regional approaches can also be more easily tailored to reflect the specific circumstances of individual metropolitan areas.

FISCAL EQUITY

Wisconsin has a long and commendable tradition of reducing disparities in the fiscal condition of local governments. The state government aid system is among the largest in the country. In fact, in the late 1990s only three states provided more aid (as a percentage of total local expenditures) than Wisconsin.¹¹ Its system is also among the most equalizing: in MARC's study of the 25 largest metropolitan areas, state aid in the Milwaukee area reduced inequality to a greater extent than in any of the other 24 metropolitan areas.¹² However, the system is expensive and there has been some erosion in the extent to which it reduces fiscal inequality (see bottom panel of Table 1).

In 1999, the amount of money that municipalities received in aid actually exceeded local tax capacity — the revenue that would be generated by assessing the regional average property tax rate to the actual property tax base — in six of seven metropolitan areas. The overall result was a very significant reduction in disparities (measured by the ratio of the 95th percentile tax capacity per household to the 5th percentile capacity¹³). For instance, in Madison, the ratio resulting from local tax bases alone was 3.5 in 1999. This was reduced by 40 percent

(to 2.1) after aid flows. However the equalizing effects of the system clearly declined between 1993 and 1999.

Despite the fact that *pre-aid* disparities (disparities in local tax capacity alone) improved in six of the seven regions, disparities in *post-aid* resources (local tax capacity plus aid) worsened in four of the seven metropolitan areas, were con-

stant in two and improved in only one. The aid system clearly lost some of its equalizing capacity.

Adding to the problem is the fact that some state aid programs were not designed to reduce fiscal disparities among local governments in the first place. Examples include general transportation aid and the School Levy Tax Credit, which — unlike other forms of state funding of education — is not distributed on an equalizing basis.

The effects of economic disparities within a metropolitan area are reflected in brick and mortar. The value of the homes and businesses in a

community largely determines local tax capacity, because local units of government in Wisconsin are highly dependent on the property tax for their local revenues — more so than their counterparts in many other states.¹⁴

The tax capacity maps in the preceding sections provide many examples of the inequities created by this dependence. For instance, in Racine County, the contiguous suburban towns of Mount Pleasant and Caledonia have combined property value that

slightly exceeds that of the city of Racine. Yet their combined population is less than 80 percent that of Racine. In addition to obvious equity implications, disparities of this sort contribute to the costs of state aid programs — the city of Racine receives a shared revenue payment from the state \$27.5 million a year.

There are regional policies available that can both enhance the equalizing effects of state-wide aid systems and decrease the incentives for local governments to engage in wasteful competition for tax base. A tax-base sharing program like the Twin Cities Fiscal Disparities program can do both. Since 1971, local governments in the Minneapolis-St. Paul region contribute 40 percent of their growth in commercial-industrial tax



Desirable schools are important features of stable neighborhoods.

Regional policies
can decrease incentives
for local governments
to engage in
wasteful competition
for tax base.

base to a regional pool. The tax-base in the regional pool is then redistributed back to local governments according to local tax base per capita. Tax-base-poor communities get back more than they paid in to the pool, while tax-base-rich communities get back less. Because all communities keep 60 percent of the growth, the program allows municipalities to cover the costs of development, but, because they lose 40 percent, the program reduces the incentives for inter-local competition for tax base.¹⁵

The geographic distribution of tax-base sharing benefits was simulated for each of the seven Wisconsin metropolitan areas (see maps in preceding sections). Table 1 shows how tax-base inequality in 1999 would have been reduced in the seven metropolitan areas if a program similar to Fiscal Disparities had been instituted in 1993.¹⁶ In three regions, more than 70 percent of the population resided in jurisdictions that would have been net recipients of the program and in three others, more than 62 percent would benefit. These residents could expect to receive more or better public services with no increase (or, potentially, an actual decrease) in local tax rates under tax-base sharing.

Tax-base sharing provides more redistributive “bang for the buck” than the current state-aid programs. The tax-base pools in the simulations would have been equivalent to only 6 to 16 percent of existing state-aid flows but would have reduced fiscal disparities by 30 to 50 percent as much as the aid flows in six of the seven regions. In the seventh (Superior), a tax-base pool equivalent to just 6 percent of the aid the region received would have actually resulted in less inequality than that resulting from the existing aid flows.

Tax-base sharing cannot replace state aid entirely. It cannot, for

instance, ensure that all places are capable of providing some minimum standard level of services. However, these simulations show that it is possible to use tax-base sharing to supplement or replace some portion of expensive state-aid programs, while at the same time improving the incentives facing local jurisdictions (a function that state aid programs cannot easily fill). For instance, Minnesota-style tax-base sharing could



Projects like these townhouses on the Milwaukee River help the city provide diverse housing options.

be combined with Wisconsin-style revenue sharing by returning some portion of state sales tax revenue to the region where it originated. This revenue pool could then be distributed to municipalities in much the same way that tax-base is distributed in the Minnesota model. Such a program would create incentives for municipalities to work together toward regional economic development objectives because all would benefit from new growth regardless of where it located within the region. It would also reduce fiscal inequalities without compromising local autonomy.¹⁷

In a time when aid flows are becoming increasingly vulnerable in state budgets, metropolitan areas need not behave as if there are no alternatives. Regional tax-base sharing provides one viable option for local areas left to their own devices by budget decisions made by the state.

LAND-USE PLANNING

Population increases and changes in housing, shopping and working preferences have greatly affected development patterns in Wisconsin metropolitan areas. Land is being converted to urban uses much more quickly than population is growing in nearly all of the regions included in this study.

There are many costs associated with inequitable and inefficient growth. Valuable and sensitive open space is destroyed. Stormwater runoff pollutes streams, rivers and lakes. Flooding potential increases.

Controlling inefficient growth holds the promise of saving open space and controlling state and local budgets.

Traffic congestion increases. Expensive public infrastructure is built on the urban edge, while existing facilities within cities are underutilized, and sometimes abandoned. This outward expansion drives a great deal of state and local spending. Controlling it holds the promise of saving farm land and green space *and* controlling state and local budgets.

Historically, Wisconsin has had no statewide land use goals. In fact, different state agencies often have their own, conflicting land-use goals. For instance, at the same time that state policy encourages the preservation of farm land, a recent revision to the state plumbing code (Comm 83, Wis Adm Code) could potentially open nearly 9 million acres of the state to development. This problem, which has only recently been addressed by the Wisconsin Land Council, has resulted in (1) inadequate or inconsistent land-use planning; (2) conflicting organizational goals that undercut sound decision-making; and (3) limited financial and technical resources that hinder regional, county and municipal planning efforts.¹⁸

There has been little coordinated planning at the regional level in Wisconsin. But, while state policies do not mandate regional cooperation, in some cases they do encourage it. Smart growth legislation and Cooperation Regions included in recently enacted state law both encourage regional cooperation.¹⁹ Regional planning commissions (RPCs) cover all but five of the state's counties. Commission members are appointed by the governor and by local governments. Although they lack enforcement power, they are responsible for coordinating planning and development and assisting local governments in developing and adopting comprehensive plans.

Every metropolitan area in Wisconsin also falls under the authority of one of 15 Metropolitan Planning Organizations (MPOs). These federal-mandated organizations are not associated with other local decision-making bodies. They develop long-range transportation plans and short-range transportation programs to prioritize specific projects. Although MPOs in other states sometimes have power over other broader land-use and development issues, in Wisconsin, they have no powers beyond their role in federal funding.

Wisconsin's metropolitan areas do provide some examples of regional cooperation in planning. For instance, Rock County in the Janesville-Beloit area works in partnership with its municipalities to develop a comprehensive plan to coordinate public safety, water and wastewater services every five to six years. But regional planning efforts in Wisconsin are still in their infancy compared with states like Oregon, Minnesota and Washington, where state law has created regional organizations with significant planning powers.

County governments in single-county metropolitan areas are also in good position to coordinate planning efforts region-wide. But Wisconsin's strong tradition of local autonomy limits the role of counties in important areas like planning. In fact, in the Madison area, foes have persuaded the Wisconsin Legislature to abolish the Dane County Regional Planning Commission, effective October 2002.

By placing responsibility for land-use planning in the hands of a multitude of local governments, the current system creates very strong incentives for municipalities to compete for tax-generating land uses — executives' homes or commercial and industrial developments — rather than pursue coordinated planning.

This competition contributes to unbalanced growth patterns, and makes it very difficult to implement coherent policies in policy areas with regional implications, such as housing, transportation, environmental protection or reinvestment in declining areas. Developing a cooperative framework for land-use planning that encourages places to plan together for their common future and to consider the regional consequences of local decisions is an essential aspect of a regional reform agenda.

This kind of thinking has been implemented in several states over the last 25 years and is receiving increasing attention across the country. Smart growth legislation of the kind adopted in Wisconsin has potential to reduce the destruction of woodlands, hillsides, floodplains, wetlands, agricultural lands and other valuable open space; to ease traffic congestion by creating an accessible and balanced transportation system; to



Transit is an important component of a regional plan, providing choices to commuters.

ensure that housing is accessible for people of all incomes; and make more efficient use of public investments.²⁰

Ensuring that all communities in the region, particularly those with new jobs and good schools, strengthen their commitment to affordable housing is an essential component of smart growth planning because it helps to reduce the stress on core communities and the consequences of concentrated poverty. It allows people to live closer to work and provides them with real choices concerning where they can live.

ECONOMIC DEVELOPMENT

Regional economies are the nation's basic economic building blocks. The economic welfare of an individual locality is inextricably tied to the performance of its regional economy. The performance of the regional economy, in turn, is linked to many of the issues raised in this report. For instance, as noted in the first section of this report, socioeconomic disparities between cities and suburbs are an impediment to economic growth.

Recent work on the regional economies in Wisconsin shows patterns that are consistent with this proposition. Overall regional growth rates in the 1990s tended to be greater in the metropolitan areas where the central city economies were strongest and lower where central city economies were weaker. For instance, in the Green Bay and Janesville-Beloit metro areas, the central cities actually outperformed their suburbs in employment growth rates. Their regional employment grew by 34 and 25 percent respectively during the period. Similarly, in Madison, where more jobs were added in the city than in the suburbs and where the city's employment growth rate was comparable to the suburban rate, overall regional employment grew by 23 percent. (The growth rate in the state as a whole was 21 percent.) Conversely, in Milwaukee and Racine, the central cities grew much more slowly than their suburbs and their overall regional employment growth rates lagged behind the state-wide average, at 15 percent

A fragmented regional economic-development strategy — every town for itself — is unlikely to generate balanced growth for the region as a whole.

and 8 percent respectively.²¹

The clear implication is that all parts of the region stand to gain from balanced economic growth. A fragmented regional economic development strategy—every town for itself—is unlikely to lead to that end in the long run because vicious cycles of decline are very common in this policy dimension. Places that “lose” today in the competition for economic activity must either raise taxes on their remaining tax base in order to maintain public services at current levels or reduce services at current tax rates. Either choice reduces their competitiveness in future rounds of the competition. Regions therefore stand to gain from cooperative economic development strategies of the sort encouraged by the fiscal equity and regional land-use policies.

REGIONAL GOVERNANCE

A primary theme of this study is that social separation and sprawling development patterns have an impact not just in central cities, but throughout Wisconsin's urban centers. As in most places, however, the fragmented nature of land-use planning and local governance has meant that there are few coordinated strategies for dealing with these problems. Absent community commitment and a government structure that provides the power to shape land-use and public-investment patterns region-wide, the ability to effectively address regional problems is limited.

There is a framework of sorts in Wisconsin for regional governance. As described above, all but five of the state's counties are assigned to a regional planning commission and every metropolitan region in Wisconsin with a population of at least 50,000 has a Metropolitan Planning Organization. However, the powers of these organizations are limited — RPCs have only advisory powers and MPOs deal only with federal transportation investments.

Along with planning, county governments provide a potential avenue for regional service provision in some regions, especially single-county areas like Madison, Green Bay, Janesville-Beloit, and Superior. For instance, in the Fox Valley, Brown, Outagamie and Winnebago Counties have developed an agreement to form a regional solid waste system that is expected to save the three counties \$8 million in recycling costs over 12 years and \$35 million in garbage disposal costs over 25 years.²² But efforts to replicate such cooperation across the state have to overcome

counties' predisposition to deliver services in rural areas, not urban areas. It has been estimated that Wisconsin counties spend \$180 less per person on services to city and village residents than on services to town residents.²³

Overall, the current system of regional governance is itself fragmented with powers divided among different actors, none of which have the mandate to exercise strong oversight. There is a clear need to develop fairly apportioned, accountable and directly elected regional institutions to address the best interests of the state's diverse regions.

ENDNOTES

- 1 For a general discussion of housing discrimination, see John Yinger, "Testing for Discrimination in Housing and Related Markets," *A National Report Card on Discrimination in America*, ed. Michael Fix and Margery Austin Turner (Washington D.C.: The Urban Institute, 1998).
- 2 Orfield, Myron, *Milwaukee Metropolitcs: A Regional Agenda for Community and Stability* (Minneapolis: MAP, 1998).
- 3 Larry C. Ledebur and William R. Barnes, "All In It Together": Cities, Suburbs and Local Economic Regions (Washington D.C.: National League of Cities, 1993); and William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington D.C.: National League of Cities, 1992).
- 4 Richard Voith, "Do Suburbs Need Cities?" *Journal of Regional Science* 38(8) 445-464, 1998.
- 5 A student is eligible for free lunch if his or her family income is less than 130 percent of the poverty line.
- 6 Milwaukee ranked 18th worst among the 25 largest metropolitan areas by this measure in 1997. See Orfield, Myron *American Metropolitcs*, Brookings Institution, forthcoming 2002, Table 3-2.
- 7 High poverty schools are defined as those with a poverty rate at least 25 percent higher than the regional average.
- 8 Myron Orfield, *American Metropolitcs*, Brookings Institution, forthcoming 2002.
- 9 Data on free-lunch eligibility is available only at the district level.
- 10 See Orfield, Myron, *American Metropolitcs*, Brookings Institution, forthcoming 2002, Table 3-4.
- 11 See Orfield, Myron *American Metropolitcs*, Brookings Institution, forthcoming 2002, Table 6-1.
- 12 *ibid*, Table 1-4.
- 13 The degree of tax-capacity inequality within a region can be measured—and compared to other regions—by looking at the ratio between high-capacity and low-capacity communities. This study compares the tax capacity of the community at the 95th percentile to the tax

capacity of the community at the 5th percentile. Such a measure excludes any localities that are unusually high or low, and provides a figure that can be compared over time or space. A high ratio reflects greater inequality, a low number reflects less equality.

- 14 "Revenue Options for Wisconsin Municipalities," Wisconsin Taxpayers Alliance, September 1998.
- 15 The program narrows tax base inequality by a significant amount. It reduces the ratios of the 95th percentile to 5th percentile jurisdictions from 4.8 to 3.6 and of the highest to lowest cities with a population of over 9,000 from 15 to 5. See Thomas Luce, "Regional Tax Base Sharing: The Twin Cities Experience," in Helen F. Ladd, *Local Government Tax and Land Use Policies in the United States*, (Northampton: Elgar Publishing, 1998) and "Citizens League, "26th Annual Tax Base Sharing Analysis", *Minnesota Journal*, January 2000. Available at: http://www.citizensleague.net/mj/2000/01/fiscal_disparities.htm
- 16 The simulations assumed that 40 percent of growth in property tax base between 1993 and 1999 was put into a separate pool for each region and redistributed to localities based on local income per capita. (Places with lower-than-average per-capita income receive a share of the pool that is greater than their share of population; those with higher-than-average incomes receive a share smaller than their population share.)
- 17 see Wood, Orfield & Rogers, *Milwaukee Metropatterns: Sprawl and Social Separation in Metro Milwaukee*, Center for Wisconsin Strategy, August 2000.
- 18 "Planning Wisconsin: Report of the State Interagency Land Use Council," July 1, 1996, p. 2.
- 19 s. 66.0317, Wisconsin Statutes
- 20 s. 66.1001, Wisconsin Statutes.
- 21 White, Sammis B., "The Roaring Nineties: Wisconsin's Regional Employment Growth," Wisconsin Policy Research Institute, August 2000 (citing University of Wisconsin-Milwaukee data). See Tables 2 and 14.
- 22 "Three counties sign recycling, land-use pact," *Green Bay Press - Gazette*, Nov. 14, 2001.
- 23 "County Spending and the Implicit Subsidy to 'Urban Sprawl,'" M. Kevin McGee, Dept. of Economics, UW-Oshkosh, February 2000.

FOR MORE INFORMATION

Metropolitan Area Research Corporation
1313 5th Street SE
Suite 108
Minneapolis, MN 55414
web: www.metroresearch.org
e-mail: marc@metroresearch.org
phone: (612)379-3926
fax: (612)676-1457

Wisconsin Alliance of Cities
14 W. Mifflin Street
Suite 206
Madison, WI 53703
web: www.wiscities.org
e-mail: rich@wiscities.org
phone: (608)257-5881
fax: (608)257-5882

